

# PURCHASE ORDER TERMS AND CONDITIONS

In these Terms and Conditions, “Company” means Intercontinental Bearing Supply Company, LLC and its respective assigns; “Products” mean those items or services that the Company wishes to purchase; and “Supplier” means the firm or person from whom the Company proposes to purchase the Products. The Company offers to purchase from Supplier the Products described in the Purchase Order on the reverse side, subject to the terms, conditions, and provisions set forth herein.

**SUPPLIER RESPONSIBILITY** Acceptance of an IBSCO Purchase Order means the Supplier is responsible for understanding and complying with all applicable Purchase Order, quality, customer, statutory, regulatory, and flow-down requirements.

## SUPPLIER QUICK REFERENCE

|                            |                                                                                                                                                                                            |
|----------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>PRIOR APPROVAL</b>      | Do not implement applicable process, material, source, location, NDT, special-process, or inspection-method changes without documented IBSCO approval.                                     |
| <b>DO NOT SHIP</b>         | Do not knowingly ship non-conforming product without prior written authorization. Identify approved deviations on packaging and shipping documentation.                                    |
| <b>FLOW DOWN</b>           | Flow applicable technical, quality, customer, regulatory, product-safety, counterfeit, traceability, records, access, export-control, and ethical requirements to sub-tier suppliers.      |
| <b>TRACEABILITY</b>        | Maintain required manufacturer, lot/batch, heat, serial/date-code, material, processing, inspection, and authenticity records.                                                             |
| <b>RECORDS</b>             | Retain required quality records for at least 10 years unless a longer period applies. Notify IBSCO before disposal.                                                                        |
| <b>NOTIFY IBSCO</b>        | Promptly report delivery risk, non-conforming product, suspect counterfeit/unapproved parts, loss of required approvals/certifications, and applicable Supplier changes.                   |
| <b>RIGHT OF ACCESS</b>     | Provide IBSCO, its customers, and applicable regulatory/government authorities access to relevant facilities, records, and supply-chain levels.                                            |
| <b>ETHICS &amp; SAFETY</b> | Personnel must understand their contribution to conformity, product safety, and ethical behavior. Human-trafficking requirements apply when invoked by the applicable Government contract. |
|                            |                                                                                                                                                                                            |

## 1. PRICE

Supplier warrants that the prices for the items or services covered by this Purchase Order are not less favorable than those currently extended to any other customer for the same or similar items or services in similar quantities. In no event shall this order be filled at prices higher than those previously quoted or charged without the Company’s written consent. In the event the Supplier reduces its prices during the term of this order, the Supplier agrees to reduce the price hereof correspondingly. Supplier warrants that the prices shown on this Purchase Order shall be complete, and no additional charges of any type will be added without the Company’s express written consent. Such additional charges include, but are not limited to, shipping, packaging, labeling, customs duties, taxes, storage, insurance, and boxing. If partial shipments are made at the Supplier’s convenience, any additional transportation charges will be paid by the Supplier.

## 2. TERMS

This Offer may be accepted only on the exact terms outlined in this Purchase Order, and any additional or different terms or conditions that may appear in any communication from the Supplier are hereby objected to and shall not be effective or binding unless contained in a writing signed by the Company referring to this Purchase Order. This Offer shall be deemed accepted on the earlier of the date (a) when a Purchase Order confirmation is received from Supplier or (b) when Supplier begins work on the Products. Unless otherwise indicated in the Purchase Order, the Company shall pay each invoice in full within 45 (forty-five) days of receipt of the invoice or acceptance of the Products covered by the invoice, whichever is later.

## 3. SUPPLIER REQUEST FOR NONCONFORMANCE DEVIATION

**DO NOT SHIP NON-CONFORMING PRODUCT WITHOUT PRIOR WRITTEN IBSCO AUTHORIZATION.**

A Supplier shall not knowingly ship Products that deviate from the drawing, specification limits, or design intent without prior written authorization from the Company. If such a condition exists, the Supplier may petition the Company in writing to allow shipment of the Deliverable under a written nonconformance deviation. Company approval of a deviation is specific to the Products for which it has been submitted and approved and shall not be construed as a permanent engineering change. The Supplier must begin work immediately on corrective action when required. In all cases, the Supplier shall fully contain all products suspected of being non-conforming. In addition, a non-conforming product may be returned to the Supplier at the Supplier's expense, or the Supplier may be required to sort any suspect product already shipped to Company sites or be charged back for the cost of sorting by the Company. Any Products shipped to the Company that have been approved for deviation shall be clearly identified as such externally on the box, container, or other packaging, as well as on shipping documentation. A copy of the company-approved deviation document shall be included inside each box.

## 4. CONTROL OF SUB-TIER SUPPLIERS

**FLOW-DOWN REQUIRED: SUPPLIER REMAINS RESPONSIBLE FOR WORK PERFORMED BY SUB-TIER SUPPLIERS.**

Supplier shall remain responsible for compliance with all applicable Purchase Order requirements, including work performed by its subcontractors and sub-tier suppliers. Supplier shall flow down all applicable technical, quality, customer, statutory, regulatory, and Government contract requirements to its sub-tier suppliers, including quality management system requirements, customer-designated sources, control of key characteristics and special processes, and required certifications, inspection records, and test reports. Supplier shall ensure that applicable sub-tier suppliers comply with the right-of-access requirements outlined in Section 6, including access by Company, its customers, and applicable regulatory or governmental authorities to relevant facilities, operations, and documented information at all applicable levels of the supply chain.

## 5. SUPPLIER CHANGE REQUESTS

**PRIOR APPROVAL REQUIRED BEFORE APPLICABLE SUPPLIER OR PROCESS CHANGES.**

Suppliers and sub-tier suppliers are required to obtain documentation of Company approval before implementing any applicable change. This requirement applies to all Suppliers, including distributors. Applicable 'changes' include but are not limited to: Approved production processes, Materials, NDT, and special processing; change of sub-tier suppliers for raw materials, purchased components or services, and/or change to test/inspection sequencing or methods.

## 6. RIGHT OF ACCESS

### RIGHT OF ACCESS EXTENDS TO RELEVANT FACILITIES, RECORDS, AND APPLICABLE SUPPLY-CHAIN LEVELS.

The Supplier shall provide the Company, its customers, and applicable regulatory or governmental authorities the right of access to relevant facilities, applicable areas of operation, and documented information associated with Products supplied under the Purchase Order. This right of access shall extend to all applicable levels of the supply chain. The Company, its customers, and authorized representatives reserve the right to conduct audits, inspections, or verification activities at Supplier and applicable sub-tier supplier facilities. Such activities shall not relieve Supplier of its responsibility to maintain effective quality controls, ensure product conformity, or fulfill all applicable Purchase Order requirements. Verification or inspection by Company or its representatives shall not constitute final acceptance or prevent subsequent rejection of non-conforming Products.

## 7. SOURCE INSPECTION

### DO NOT SHIP UNTIL REQUIRED SOURCE INSPECTION IS COMPLETE.

When invoked via Purchase Order, the Supplier shall support source inspection activities conducted by the Company, the Company's customer, or a specified third party (such as a customer/regulatory agency). The Supplier will contact the appropriate party for source inspection upon completion of the product in such cases. Products shall not be shipped until source inspection has been completed, including proper documentation. If the Supplier has difficulty in reaching the appropriate source inspector, they shall contact the Company for support without undue delay. The Supplier shall provide the necessary access, equipment, and resources required to accomplish the source inspection effectively.

## 8. DELIVERY

### NOTIFY IBSCO AS SOON AS A DELIVERY COMMITMENT IS AT RISK.

Delivery by the Supplier of the Products shall be as shown in the "Ship to" block on the face of this Purchase Order or as otherwise directed by the Company. Unless otherwise specified on the face of this Purchase Order, all products will be packaged by the Supplier in suitable containers to permit safe and secure transportation and handling. Delivery shall be strictly in accordance with the schedule outlined in the Purchase Order. The Supplier shall expend its best efforts to conform to the mutually agreed-upon delivery date or dates. Items delivered more than ten (10) days prior to the Purchase Order item delivery schedule may, at the Company's option, be returned to the Supplier at the Supplier's expense. The Supplier agrees to notify the Company as soon as possible after becoming aware that it will be unable to deliver any or all of the Products on the specified delivery date. Company may thereupon at its sole discretion (a) terminate this Purchase Order in whole or in part without liability to Company and without waiving any rights to recover damages (including incidental and consequential damages) under the Uniform Commercial Code ("UCC") as adopted in the State of Texas, or (b) require Supplier to use additional effort, including premium effort, and shall ship via air or other expedited routing to avoid or to minimize delay to the maximum extent possible and all at no charge to Company or change in the price and without prejudice to any of Company's rights or remedies, whereupon Supplier shall use such efforts.

## 9. RISK OF LOSS AND INSURANCE

The risk of loss from any casualty to the Products, regardless of the cause or of the casualty, shall be with the Supplier until the Products have been delivered in accordance with Section 8 and accepted in accordance with Section 13. Unless otherwise specified in the Purchase Order, all shipments shall be F.O.B. Houston, Texas, or if international, C.I.F. Houston, Texas, or other destination specified by the Company. Supplier agrees to insure the Products from and against all reasonable and customary hazards and risks of injury and destruction from the time the Products are identified in the contract to the time of delivery. Insurance shall be placed with reputable underwriters and shall name

the Company as a loss payee as its interests may appear, and such policy shall waive subrogation rights against the Company.

## **10. INSPECTION AT SUPPLIER'S PREMISES**

At the Company's request, the Products shall be subject to inspection by the Company at the Supplier's premises at any time prior to delivery. Upon such request, and without cost to the Company, the Supplier shall provide reasonable facilities and assistance for the safety and convenience of such inspectors. At the time of inspection, the Supplier shall make available to the inspectors copies of all information relating to the Products, including all specifications, drawings, samples, tooling, inspection tools, and descriptions, as requested by the inspectors to facilitate this inspection. This inspection shall be deemed as preliminary only, and the Products shall be subject to final inspection and acceptance after delivery at the Company's place of business.

## **11. ADEQUATE ASSURANCES**

If the Company learns of a non-conformity of the Products prior to delivery, the Company may demand from the Supplier adequate assurances of cure, and the Supplier shall provide such assurances, both as to the Products in question and as to future installments, if any, within ten business days after such demand. In the event of Supplier's failure to provide adequate assurances, Company may in its sole discretion terminate this contract in whole or in part (including concerning future installments) without liability to Company and without waiving any rights to recover damages (including incidental and consequential damages) from Supplier or to purchase such Products elsewhere and hold Supplier accountable for "cover" as defined in the UCC as adopted in the State of Texas.

## **12. FINAL INSPECTION**

Supplier shall inspect and test the Products prior to their shipment to the Company. Notwithstanding any prior payment or prior inspection by the Company of the Products, acceptance of the Products shall be subject to final inspection by the Company after delivery at the Company's place of business. The Company shall be entitled to inspect the Products in any manner that is possible and commercially reasonable, including utilizing persons not employed by the Company to make the inspection.

## **13. ACCEPTANCE OF PRODUCTS**

In no event shall acceptance of the Products occur until the Company has had a reasonable period of time to conduct a final inspection of the Products; however, inspection within ten business days following receipt at the delivery point specified above shall be conclusively deemed reasonable. The Company, at the Company's option, may reject quantities over shipments that a properly executed Change Order does not explicitly cover under this Purchase Order, and such over shipments are subject to return by the Company to the Supplier at the Supplier's expense.

## **14. WARRANTY**

The Products shall be in conformity with the highest standards of quality and professionalism. Supplier warrants that the Products shall be free from defects in design, materials and workmanship and shall conform to all applicable requirements, specifications, samples, drawings and descriptions either provided by or to Company, including, without limitation, all requirements, specifications, samples, drawings and descriptions contained or referenced in any other documentation provided or produced by Supplier, shall conform to all applicable requirements of law and government regulation, and shall otherwise be merchantable and fit and suitable for their intended purposes. Supplier further warrants that it owns the Products and has the power to, and shall, transfer the Products to Company free and clear of liens, encumbrances, and interests of any kind. These warranties shall survive delivery, inspection, acceptance, and payment.

## 15. REMEDIES FOR NON-CONFORMITY

Without prejudicing against the Company's other rights and remedies, the Company may return at Supplier's sole expense all Products which do not conform to Supplier's warranties for a full refund of all sums then paid for the Products. The company may, in addition, return all quantities of Products tendered after the delivery date or in amounts in excess of those ordered. In the event of a non-conforming delivery, Company may, at its option, (a) demand repair and/or replacement of non-conforming Products, whereupon Supplier shall repair or replace such merchandise, (b) terminate the relevant Purchase Order without waiving rights to recover damages (including incidental and consequential damages) or to purchase replacement goods from other suppliers and (c) hold Supplier liable for cost of "cover" as defined in the UCC.

## 16. INSTALLMENT CONTRACTS

Where Supplier is to deliver Products to Company in multiple shipments, it is expressly recognized and agreed that a breach which is substantial with respect to any one installment is conclusively substantial concerning the entire contract.

## 17. QUALITY

### QUALITY EXPECTATION: CONFORMING PRODUCT AND EFFECTIVE CORRECTIVE ACTION.

The Supplier understands that it is expected to deliver only a deliverable that meets the Company's quality requirements and all other applicable requirements. The Company shall set forth the specifications and quality requirements. If no written quality standards are specified, the parties agree to use their best efforts to establish mutually satisfactory and acceptable quality requirements. If a product that the Company considers to be defective is delivered by the Supplier, the Supplier will replace the defective product at no additional charge to the Company and will pay all return and reshipment expenses. Further, Supplier shall promptly replace non-conforming Products at no additional cost to the Company within the timeframe specified by the Company or otherwise agreed upon in writing. The company expects that the Supplier will commit to delivering products with zero defects. Initial corrective action reports for defects, including a defect analysis and a corrective action plan, will be provided within the timeframe requested by the Company. The corrective action issued to the Supplier will provide the Company with a containment plan within 24 hours of receiving notification of the defect.

## 18. SCRAP

Supplier understands that if it is performing a process(es) on material that the Company has provided to Supplier, the Supplier shall return all scrapped and unused parts to the Company along with the Products, and if scrapped, an explanation as to why it was scrapped. All products returned to the Company shall be clearly identified.

## 19. CONTINUOUS IMPROVEMENT

The Supplier will make a good-faith effort to continuously improve competitiveness and performance in all areas of the relationship, including but not limited to co-development in the design cycle, quality, release lead time, minimum release quantity, and pricing. In particular, the Supplier is expected to evaluate opportunities for cost/price reductions on active and new items and to communicate them promptly to the Company. The Supplier will strive to reduce its procurement and production costs, and the Company will share with it the benefits and any price reductions made possible by process improvements or reductions in material costs. The Supplier is expected to advance its production efficiencies and technical capabilities at least as quickly as its competitors in the industry, maintain its competitive position, and offer the price and performance benefits of these improvements to the Company as they become available. The Supplier has committed to achieving a 48-hour turnaround on pricing estimates for new commodity

items and delivering new items within 48 hours after engineering approval. The Company shall promptly evaluate and respond to suggestions made by the Supplier for improving the relationship established hereby.

## 20. RETENTION OF RECORDS

### MINIMUM RECORD RETENTION: 10 YEARS, UNLESS A LONGER REQUIREMENT APPLIES.

The Supplier shall maintain quality records that provide evidence of conforming to the requirements of the Products delivered to the Company. The Supplier shall make such records available to the Company or regulatory authorities upon request. Supplier shall maintain such records for a period of not less than 10 (ten) years from the date of shipment under each applicable order for all Products on the order. Supplier shall maintain all records related to the current first article inspection (FAI) for 10 (ten) years past final delivery of the Products covered by the FAI. At the expiration of such period set forth above and before the disposal of records, Supplier shall notify Company of the records to be disposed of, and at the Company's option and at no additional cost to the Company, Supplier shall promptly deliver such records to the Company on media agreed to by both parties.

## 21. CHANGES TO PROCESSES OR DELIVERABLES

### NOTIFY IBSCO OF APPLICABLE CHANGES TO PROCESSES, DELIVERABLES, LOCATION, OR KEY MANAGEMENT.

Supplier shall promptly notify the Company of any changes to the processes used in manufacturing the deliverable or in the deliverable itself, including but not limited to a change of a sub-tier supplier, a change in manufacturing location, a change in Executive Management and/or Quality Management personnel. Notification alone does not constitute approval. Changes affecting product conformity, approved processes, materials, sources, or applicable customer requirements shall not be implemented without prior written authorization from the Company.

## 22. DEFAULT; REMEDIES

Upon the occurrence of any one or more of the following events, Company shall have the right, at Company's option, in any outstanding order, to (i) cancel and terminate any contract for the purchase of Products without cost or liability to Company and/or (ii) purchase the Products elsewhere and charge Supplier with the difference between the net price for which the Products are actually purchased and the price recorded on this Purchase Order and/or (iii) exercise all other rights and remedies available to Company under the UCC: (a) Supplier's insolvency or inability to meet its obligations as they become due; (b) filing of a voluntary or involuntary petition of bankruptcy by or against Supplier; (c) institution of legal proceedings against Supplier by creditors or stockholders; (d) appointment of a receiver for Supplier by any court of competent jurisdiction; (e) Supplier's failure to perform or comply with any term or condition in this contract or any order, including Supplier's failure to deliver any Products to Company when due; (f) any warranty made by Supplier is or becomes untrue or incorrect; or (g) Supplier fails to give adequate assurances of performance within ten days from the demand therefore from Company. In the event of Supplier's bankruptcy or insolvency, the Company shall be entitled to collect from Supplier its attorney's fees and litigation expenses. The rights and remedies provided herein are cumulative and not exclusive of any rights and remedies provided by law or in equity.

## 23. WARRANTY OF INFRINGEMENT; SUPPLIER'S AUTHORITY

Supplier represents and warrants that the Products and all other items, technology, and rights and properties of any nature developed by Supplier under this Purchase Order shall be original to Supplier and shall not infringe in any respect on the right or property of any others. Supplier shall not, without prior written approval of the Company, use any equipment, suppliers, facilities, or proprietary information of any other party in Supplier's performance under this Purchase Order. Supplier further represents and warrants that Supplier is fully authorized to enter and to perform under this Purchase Order, without infringing any of Supplier's other commitments, agreements, or understandings. Supplier shall defend, indemnify and hold Company and its agents and owners harmless from and against all losses, claims, damages, liabilities, obligations, costs and expenses (including reasonable attorneys' fees) arising from or based

upon any breach of Supplier's representations or warranties or the use of the Deliverable or any of the rights and properties.

## 24. INDEMNITY

Supplier agrees to defend, indemnify, release and hold harmless Company, its directors, officers, employees and agents against and from all liabilities, claims, demands, suits, causes of action, losses, penalties, fines, expenses and damages, including reasonable attorneys' fees and court costs for personal injury or bodily injury, including death, to any person and for damages to the property of anyone (including property of Company), arising out of or in connection with the use or sale of the Products, from any patent or hidden defects in the quality of the Products, or any breach of warranty given by Supplier concerning the Products. No limitation of liability of Supplier contained in any other writing shall be binding on or effective against Company.

## 25. RIGHT OF SETOFF

Claims for monies due or to become due from the Company shall be subject to deduction by the Company for any setoff or counterclaim arising out of this or any other of the Company's orders placed with the Supplier or contracts made with the Supplier. The Company expressly reserves all such rights against the Supplier and its assignees.

## 26. COMPLIANCE WITH LAWS, RULES & REGULATIONS

The Supplier agrees to comply with all applicable State, Federal, and local laws in the purchase, manufacture, processing, and delivery of the Products. If Supplier violates any applicable law or regulation, Supplier shall be responsible for resulting losses, penalties, or liabilities to the extent permitted by applicable law.

## 27. U.S. EXPORT CONTROLS

**EXPORT-CONTROL REQUIREMENTS APPLY WHEN APPLICABLE. UNAUTHORIZED EXPORT, RE-EXPORT, TRANSFER, OR DISCLOSURE OF CONTROLLED PRODUCTS, TECHNOLOGY, OR TECHNICAL DATA IS PROHIBITED.**

Supplier shall comply with all applicable U.S. export control laws and regulations, including the Export Administration Regulations (EAR), International Traffic in Arms Regulations (ITAR), and sanctions administered by the Office of Foreign Assets Control (OFAC). Supplier shall not export, re-export, transfer, release, or disclose controlled products, software, technology, or technical data without obtaining required governmental authorizations. This includes controlled transfers to foreign persons within or outside the United States. Supplier shall implement appropriate safeguards, maintain required compliance records, and flow applicable export-control requirements to employees, agents, subcontractors, and sub-tier suppliers. Supplier shall promptly notify the Company of any known or suspected export-control violation involving an IBSCO Purchase Order and cooperate in any required investigation or corrective action. Compliance with this section is mandatory and does not relieve Supplier of applicable Purchase Order, customer, statutory, regulatory, or quality management system requirements.

## 28. EMPLOYEES, AGENTS, AND SUBCONTRACTORS

Supplier shall obtain prior written authorization from the Company before engaging agents or subcontractors when such authorization is required by the Purchase Order or applicable customer requirements. Supplier shall ensure that all authorized agents and subcontractors are contractually obligated to comply with the applicable terms and conditions of the Purchase Order.

## 29. ASSIGNMENT OF PURCHASE ORDER BY COMPANY

The Purchase Order is assignable by the Company upon written notice to the Supplier, subject, however, to the Supplier's written consent, which shall not be unreasonably withheld. Notwithstanding the foregoing, the consent of Supplier shall not be required for the assignment of this Purchase Order by Company to (i) an entity which controls, is subject to common control, or is controlled by Company, or (ii) an unrelated entity that is a national bank or financial

institution or an affiliate thereof. Assignment by the Company pursuant to this section shall not affect, or serve to diminish in any way, the Company's rights and remedies under this Purchase Order.

### 30. PROTECTION OF CONFIDENTIAL INFORMATION

Supplier shall protect all confidential, proprietary, and sensitive information belonging to the Company, its customers, affiliates, and business partners, including drawings, specifications, technical data, trade secrets, financial information, and intellectual property ("Confidential Information"). Supplier shall use Confidential Information solely for authorized Purchase Order purposes and shall not disclose or distribute such information without prior written authorization from the Company, except as required by law. Supplier shall maintain appropriate safeguards against unauthorized access, use, disclosure, or loss. When applicable, Supplier shall comply with all relevant U.S. Government information-security requirements, including FAR, DFARS, and NIST SP 800-171, and shall protect Controlled Unclassified Information (CUI) and export-controlled technical data in accordance with applicable laws and contractual requirements. Supplier shall flow applicable requirements to authorized subcontractors and sub-tier suppliers. Supplier shall promptly notify the Company of any known or suspected unauthorized disclosure, access, or compromise and cooperate in required corrective actions. Upon completion or termination of the Purchase Order, Confidential Information shall be returned or securely disposed of as directed by the Company, subject to applicable retention requirements. Confidentiality obligations shall survive termination of the Purchase Order. The Company reserves all rights and remedies available under applicable law, including injunctive relief and recovery of damages and enforcement costs where legally recoverable.

### 31. NOTICES

All notices and approvals shall be in writing and given (i) in person; (ii) if mailed, by registered or certified mail, postage and charges prepaid to the address in this section; or (iii) by a national courier service. Notices shall be effective on the earlier of the actual receipt or five (5) days after mailing. All notices to the Supplier shall be directed to the address set forth on the face of this Purchase Order. All notices to the Company shall be directed to:

**Intercontinental Bearing Supply Company, LLC**  
**17711 Telge Road, Cypress, TX 77429**

### 32. NO ASSIGNMENT BY SUPPLIER

Supplier's obligations under this Purchase Order are personal and are not assignable to others, and any purported assignment shall be void. Without limiting the generality of the foregoing, Company shall have no obligation to pay any invoice designating that payment be made to anyone other than Supplier, provided however, that following receipt by Supplier directing Company to pay a third party, payment in accordance with any such notice shall conclusively satisfy the obligations to Supplier with respect to this Purchase Order.

### 33. RELATION OF PARTIES

The relationship of the parties is one of independent contractors, and neither Supplier nor Company intends to create any partnership, joint venture, employment, or agency. Supplier shall not represent to anyone that Supplier is an agent of Company or otherwise authorized to bind or commit Company in any way.

### 34. GOVERNING LAW

This Purchase Order shall be governed by and interpreted in accordance with the laws of the State of Texas, which are in force on the date of this Purchase Order, without reference to the United Nations Convention on Contracts for the International Sale of Goods. Unless the context requires otherwise, all terms used in this Purchase Order that are defined in the UCC shall have the meaning stated in the UCC.

## 35. SEVERABILITY

If any provision of the Purchase Order is or becomes void or unenforceable, the other provisions shall remain valid and enforceable.

## 36. WAIVER/MODIFICATION

This Purchase Order is the complete and exclusive statement of the agreement between the parties. It supersedes any or all prior or contemporaneous oral or written communications with respect to the subject matter hereof. No modification, waiver, or amendment hereof shall be binding unless in writing and signed by Company, and no waiver of a right in any instance shall constitute a waiver of the same or any other right in any other instance.

## 37. ETHICAL BUSINESS PRACTICES AND CORPORATE RESPONSIBILITY

**IBSCO APPLIES THESE ETHICAL STANDARDS TO ITS OWN BUSINESS AND EXPECTS THE SAME THROUGHOUT ITS SUPPLY CHAIN.**

Intercontinental Bearing Supply Company, LLC (IBSCO) is committed to conducting its business with integrity and in compliance with applicable ethical, legal, regulatory, and corporate responsibility requirements. The Company applies these principles to its own business practices and expects the same level of ethical conduct, integrity, accountability, and compliance throughout its supply chain.

Accordingly, Supplier shall conduct all business activities with integrity and in full compliance with applicable local, state, federal, national, and international laws and regulations. Supplier is expected to uphold high standards of ethical conduct and business integrity and shall ensure that its employees, agents, subcontractors, and sub-tier suppliers understand and comply with the applicable requirements of this section.

**This includes, but is not limited to:**

- Prohibiting bribery, corruption, extortion, and embezzlement in all forms;
- Avoiding conflicts of interest and disclosing any actual or potential conflicts to the Company;
- Respecting internationally recognized human rights and ensuring that no forced, bonded, indentured, or involuntary labor is used;
- Prohibiting child labor and ensuring safe and fair working conditions;
- Preventing harassment, discrimination, and retaliation in the workplace;
- Promoting environmental responsibility, including complying with all applicable environmental laws and striving to minimize ecological impact where feasible.

The Supplier shall establish and maintain programs to ensure compliance with these standards and promote awareness among its employees and sub-tier suppliers. The Company reserves the right to request evidence of such programs and their effectiveness.

Any suspected unethical or unlawful behavior, including violations of this clause, must be reported promptly to the Company. Reports may be submitted in good faith by contacting Intercontinental Bearing Supply Company, LLC at **ethics@ibscoco.com** (or via other communication methods as directed in writing by the Company). The Company prohibits retaliation against any individual who makes a report in good faith.

This clause supports the Company's commitment to ethical conduct, Supplier accountability, and applicable contractual and regulatory requirements.

## 38. COMBATING TRAFFICKING IN PERSONS

**ZERO TOLERANCE FOR HUMAN TRAFFICKING, FORCED LABOR, RECRUITMENT FEES, OR RETALIATION.**

When applicable under FAR 52.222-50, Supplier shall maintain the required trafficking compliance plan and provide required certifications prior to subcontract award and annually thereafter. These requirements apply to qualifying

portions of subcontracts exceeding the applicable threshold, subject to the conditions and exceptions specified in FAR 52.222-50.

**Supplier and its employees, agents, and subcontractors shall not:**

- Engage in severe forms of trafficking in persons during performance of the Purchase Order.
- Procure commercial sex acts during performance of the Purchase Order.
- Use forced labor in performing the Purchase Order.
- Destroy, conceal, confiscate, or otherwise deny an employee access to the employee's identity or immigration documents.
- Use misleading or fraudulent recruitment practices.
- Use recruiters who do not comply with applicable labor laws of the country where recruitment occurs.
- Charge employees or potential employees recruitment fees.
- Fail to provide or pay for required return transportation upon the end of employment, subject to the exceptions permitted by FAR 52.222-50.
- Provide or arrange housing that fails to meet applicable host-country housing and safety standards.
- Fail to provide a written employment contract, recruitment agreement, or similar work document when required by law or FAR 52.222-50.

Supplier shall immediately notify the Company at **ethics@ibsc.com** upon receiving credible information that an employee, agent, subcontractor, or subcontractor employee may have violated these requirements. Supplier shall protect reporting persons, victims, and witnesses from retaliation and shall cooperate fully with any Company or United States Government investigation, audit, or corrective-action request.

Suppliers shall take appropriate corrective action against employees, agents, or subcontractors who violate these requirements. Corrective action may include removal from contract performance, termination of employment or contractual relationships, repayment of recruitment fees, and other actions required by the Company or the United States Government.

Suppliers shall include the substance of this section, including this flow-down requirement, in all subcontracts and contracts with agents entered in support of the applicable Government contract, regardless of subcontract value.

When Supplier's portion of the work involves supplies other than commercially available off-the-shelf items acquired outside the United States or services performed outside the United States, and the estimated value exceeds \$700,000, Supplier shall maintain the compliance plan and provide the certifications required by FAR 52.222-50.

A violation of this section is a material breach of the Purchase Order and may result in suspension of performance, removal of personnel, termination of the Purchase Order, or other appropriate remedies.

## 39. PRODUCT SAFETY AND PERSONNEL AWARENESS

### AWARENESS REQUIRED: CONFORMITY • PRODUCT SAFETY • ETHICAL BEHAVIOR

Supplier shall plan, implement, and control processes appropriate to the Products to assure product safety throughout the product life cycle, including as applicable identification of safety-related characteristics, risk controls, handling, storage, packaging, preservation, inspection, release, and communication of safety concerns. Supplier shall ensure that relevant personnel are aware of their contribution to product or service conformity, their contribution to product safety, and the importance of ethical behavior. Supplier shall flow these awareness requirements to sub-tier suppliers when applicable.

## 40. PREVENTION OF COUNTERFEIT AND SUSPECT UNAPPROVED PARTS

**SUSPECT COUNTERFEIT OR UNAPPROVED PRODUCT: SEGREGATE • CONTROL • NOTIFY IBSCO**

Supplier shall establish and maintain controls appropriate to the risk for the prevention, detection, mitigation, reporting, and disposition of counterfeit or suspect counterfeit parts and, where applicable, suspect unapproved parts. Supplier shall procure parts and materials from original manufacturers, authorized distributors, or other approved sources when required by the Purchase Order, customer requirement, or applicable regulation. Supplier shall maintain objective evidence of authenticity and traceability appropriate to the Product. Suspect counterfeit or unapproved Products shall be immediately segregated and controlled to prevent use, shipment, or re-entry into the supply chain. Supplier shall notify the Company promptly upon discovery or reasonable suspicion of counterfeit or suspect unapproved Product affecting any Company order and shall cooperate with required reporting, investigation, containment, and disposition activities.

## 41. IDENTIFICATION, TRACEABILITY, PRESERVATION, AND SHELF-LIFE CONTROL

**TRACEABILITY AND PRESERVATION MUST BE MAINTAINED THROUGH DELIVERY.**

Supplier shall maintain identification and traceability to the original manufacturer or other approved source when required by the Purchase Order, customer requirement, or applicable statutory or regulatory requirements. Traceability shall include, when applicable, manufacturer identity, lot, batch, heat, serial number, date code, material certification, processing source, and inspection or test status. Traceability shall be maintained through all applicable stages of receipt, processing, storage, repackaging, and shipment, including the identification and control of split lots. Where required traceability cannot be established or has been compromised, Supplier shall notify the Company and obtain written authorization prior to shipment. Products subject to shelf-life or age-control requirements shall be identified with applicable manufacture, cure, expiration, or reinspection dates and shall meet any minimum remaining shelf-life requirement stated on the Purchase Order or applicable specification. Supplier shall implement appropriate controls to prevent foreign object debris (FOD), foreign object damage, contamination, corrosion, and deterioration during handling, processing, storage, packaging, and transportation. Such controls shall be appropriate to the characteristics and intended application of the Products supplied.

## 42. SPECIAL PROCESSES AND CUSTOMER-DESIGNATED SOURCES

**USE REQUIRED OR APPROVED SOURCES. DO NOT CHANGE APPROVED SPECIAL-PROCESS SOURCES WITHOUT AUTHORIZATION.**

When the Purchase Order requires a special process, customer-designated source, approved processor, or specific accreditation or approval, Supplier shall use only the required or approved source and shall maintain objective evidence of the applicable qualification or approval. Supplier shall not change an approved special-process source, customer-designated source, or process approval without prior written authorization when such authorization is required. Applicable special-process and source requirements shall be flowed down to sub-tier suppliers.

## 43. COMPETENCE, QUALIFICATION, AND OBJECTIVE EVIDENCE

Supplier shall ensure that personnel performing work affecting Product conformity are competent on the basis of appropriate education, training, skills, and experience and are qualified or certified where required by contract, drawing, specification, customer requirement, or regulation. Supplier shall maintain appropriate documented evidence of competence and qualification and shall make such evidence available to the Company, its customer, or applicable regulatory authority upon request and subject to applicable privacy requirements.

#### 44. SUPPLIER PERFORMANCE MONITORING AND RE-EVALUATION

The Company may monitor, measure, and periodically re-evaluate Supplier performance based on factors including Product quality, on-time delivery, responsiveness, corrective-action effectiveness, compliance with Purchase Order requirements, and other risk-based considerations. Supplier shall cooperate with requests for corrective action or improvement arising from such monitoring. Repeated, significant, or unresolved adverse performance may result in increased inspection or oversight, probation, suspension, disapproval, or removal from the Company approved supplier list, without limiting any other contractual rights or remedies.

#### 45. TEST REPORTS, CERTIFICATIONS, AND VALIDATION OF DATA

When required by the Purchase Order, customer, or applicable specification, Supplier shall provide certificates of conformity, material certifications, inspection reports, test reports, and other objective evidence demonstrating product conformity. All documentation shall be complete, accurate, legible, traceable to the Products supplied, and accurately represent actual inspection or test results. Alteration, falsification, or misrepresentation of such records is prohibited. Supplier shall support independent verification of test reports, material certifications, or other critical data when required by the Company, its customers, or applicable specifications. When applicable, Supplier shall provide test specimens or samples for product approval, inspection, verification, investigation, or auditing and maintain appropriate identification and traceability of such specimens.

#### 46. QUALITY MANAGEMENT SYSTEM AND LOSS OF APPROVAL OR CERTIFICATION

**NOTIFY IBSCOCO PROMPTLY OF LOSS, SUSPENSION, EXPIRATION, OR SIGNIFICANT REDUCTION OF REQUIRED APPROVAL/CERTIFICATION.**

Supplier shall maintain a quality management system appropriate to the Products, processes, and services supplied and sufficient to ensure conformity with all applicable Purchase Order, customer, statutory, and regulatory requirements. When a specific certification, accreditation, approval, registration, or quality-system standard is required by the Purchase Order, Supplier shall maintain that status for the duration of applicable performance and shall promptly notify the Company of suspension, expiration, withdrawal, significant scope reduction, or other loss of required approval or certification. Such notification does not relieve Supplier of any obligation to deliver conforming Products or obtain Company authorization before proceeding where approval is affected.

#### 47. CUSTOMER AND COMPANY PROPERTY

Supplier shall exercise care with property belonging to the Company or its customers while such property is under Supplier control or being used by Supplier. Supplier shall identify, verify, protect, and safeguard such property as appropriate. If Company or customer property is lost, damaged, found unsuitable for use, or otherwise adversely affected, Supplier shall promptly notify the Company, maintain documented information regarding the occurrence, and follow Company disposition instructions.

#### 48. ADDITIONAL FLOW-DOWN AND CONFLICT OF REQUIREMENTS

**WHEN REQUIREMENTS CONFLICT OR ARE UNCLEAR, OBTAIN WRITTEN CLARIFICATION BEFORE PROCEEDING.**

Purchase Order-specific quality clauses, drawings, specifications, customer requirements, statutory and regulatory requirements, and Government contract flow-downs are incorporated into the Purchase Order when referenced or otherwise communicated by the Company. Supplier shall review applicable requirements before acceptance and shall flow all applicable requirements to sub-tier suppliers at the appropriate level. If Supplier identifies a conflict, ambiguity, omission, or inability to comply with an applicable requirement, Supplier shall obtain written clarification or authorization from the Company before proceeding. Supplier acceptance of a Purchase Order, commencement of work, or shipment constitutes agreement to comply with all applicable requirements.