

**Pilgrim Screw Corporation d/b/a Pilgrim Aerospace Fastener**  
**Terms and Conditions of Purchase**

**1. ACCEPTANCE OF PURCHASE ORDER** 1.1. The Supplier's acceptance of a Purchase Order ("PO") or commencement of work constitutes unconditional acceptance of all terms and conditions herein. Any deviations from these terms are invalid unless expressly agreed to in writing by Pilgrim Screw Corporation d/b/a Pilgrim Aerospace Fastener ("Buyer"). 1.2. Buyer reserves the right to reject any terms proposed by Supplier that are inconsistent with these terms, even if Supplier references such terms in its acknowledgment or invoice.

**2. PRICE AND PAYMENT** 2.1. Prices in the PO are firm, not subject to increase for any reason, including increased raw material costs, tariffs, or currency fluctuations, without Buyer's explicit written consent. 2.2. Buyer shall make payment within 45 days of receipt of a correct invoice and after Buyer's inspection and acceptance of goods/services, whichever is later. 2.3. Buyer reserves the right to withhold payment for any defective or non-conforming goods and may offset amounts owed against any claims Buyer may have against Supplier.

**3. DELIVERY AND PERFORMANCE** 3.1. Timely delivery is essential. If Supplier fails to deliver on time, Buyer reserves the right to (a) cancel the PO without liability, (b) purchase substitute goods or services from another supplier, and (c) charge Supplier for any additional costs incurred. 3.2. Title and risk of loss shall transfer to Buyer only upon acceptance of the goods at Buyer's facility. Supplier shall bear all risk of loss or damage until delivery and acceptance by Buyer. 3.3. Supplier must provide advance notice of shipment and include all necessary documentation. Incomplete or incorrect documentation will result in delivery rejection.

**4. QUALITY, INSPECTION, AND REJECTION** 4.1. Supplier warrants that all goods conform strictly to Buyer's specifications, drawings, and samples. No deviations are permitted without Buyer's written approval. 4.2. Buyer reserves the right to inspect goods at any stage of production and upon delivery. Rejected goods may be returned at Supplier's expense for full credit or replacement at Buyer's option, without prejudice to any other rights or remedies available to Buyer. 4.3. Suppliers shall be registered to ISO9001:2015/AS91XXD, ISO13485:2016, ISO17025:2017 or applicable NADCAP certification, **OR** have an acceptable Supplier Survey on file. Non-compliance will be grounds for immediate termination of the PO.

**5. CHANGES AND AMENDMENTS** 5.1. Buyer may, at any time, make changes to the PO, including specifications, quantities, and delivery schedules. Supplier shall promptly comply and notify Buyer of any potential cost impacts within five (5) business days. 5.2. Supplier must not implement any changes affecting the form, fit, function, or quality of goods without prior written consent from Buyer.

**6. WARRANTY AND REMEDIES** 6.1. Supplier warrants that all goods and services are free from defects in materials, workmanship, and design, and conform to Buyer's specifications for a minimum period of 24 months from the date of acceptance. 6.2. In the event of a defect, Buyer may, at its sole discretion, require Supplier to (a) repair or replace the defective goods at Supplier's expense, (b) refund the purchase price, or (c) cover all costs associated with procuring replacement goods from another source. 6.3. Supplier shall be responsible for all costs of transportation, labor, and any other expenses related to remedying defective goods. 6.4. Any repair or replacement parts provided under this warranty shall be subject to an additional warranty period of 24 months from the date of installation or acceptance of such repaired or replaced parts, whichever is later. This extension of the warranty period shall apply to the repaired or replaced parts only and shall not affect the warranty period of the original goods that have not been repaired or replaced.

**7. INDEMNIFICATION AND LIABILITY** 7.1. Supplier shall indemnify, defend, and hold Buyer harmless from any claims, losses, damages, liabilities, and expenses (including attorneys' fees) arising out of or related to (a) Supplier's breach of warranty, (b) non-conforming goods, (c) negligence or misconduct, (d) infringement of intellectual property rights, or (e) third-party claims related to product defects, recalls, or breaches of warranty. This indemnification obligation extends to all claims, whether brought by end-users, distributors, or any other third parties. 7.2. Supplier shall be responsible for all costs associated with product recalls due to defects in materials or workmanship. This includes, but is not limited to, the costs of notifying customers, returning the products, repairing or replacing the defective products, disposing of defective products, and any related administrative expenses. 7.3. Supplier shall maintain, at its own expense, no less than \$5,000,000 in general liability insurance and \$2,000,000 in product liability insurance throughout the term of this agreement. Such insurance shall cover claims related to product defects, recalls, and breaches of warranty. Proof of coverage must be provided to the Buyer upon request.

**8. AUDIT RIGHTS** 8.1 Buyer reserves the right to audit Supplier's records to verify compliance with the terms of this agreement, including production, sourcing, quality, environmental, and consumer protection standards. Upon reasonable written notice, Supplier shall provide Buyer or its authorized representatives access to relevant records

and facilities during normal business hours. 8.2 Supplier must retain these records for at least five years from the date of delivery or longer if required by law. If an audit reveals non-compliance, Supplier must promptly take corrective action. Routine audit costs will be borne by Buyer, but if significant non-compliance is discovered, Supplier will reimburse reasonable audit expenses. Failure to cooperate or findings of significant non-compliance may be deemed a material breach of this agreement, allowing Buyer to terminate the contract or take other appropriate actions. Buyer will maintain the confidentiality of any proprietary information obtained during the audit, except as required by law. 8.3. Buyer reserves the right to conduct on-site inspections of Supplier's facilities and those of its sub-tier suppliers to verify compliance with quality, environmental, and cybersecurity requirements. This right extends to regulatory authorities who may accompany Buyer during such inspections.

**9. INTELLECTUAL PROPERTY AND CONFIDENTIALITY** 9.1. All intellectual property created by Supplier for Buyer shall be the exclusive property of Buyer. Supplier agrees not to use any designs, drawings, or specifications provided by Buyer for any purpose other than fulfilling the PO. 9.2. Supplier shall maintain the confidentiality of all information provided by Buyer, including trade secrets, specifications, and pricing. This obligation survives termination of the PO. 9.3. Supplier shall implement and maintain adequate cybersecurity measures to protect Buyer's sensitive data and intellectual property. These measures must comply with NIST SP 800-171 standards and any other requirements specified by Buyer.

**10. TERMINATION FOR CONVENIENCE, DEFAULT, AND INSOLVENCY** 10.1. Buyer reserves the right to terminate the PO, in whole or in part, at any time for any reason. Upon such termination, Supplier shall immediately cease all work and minimize costs incurred. Buyer's liability shall be limited to payment for completed and accepted goods/services up to the termination date. 10.2. Buyer may terminate the PO for default if Supplier fails to comply with any terms herein, including delays or quality issues. In such cases, Buyer may recover any excess costs incurred in obtaining replacement goods/services. 10.3. Buyer may immediately terminate the PO, in whole or in part, without liability, if Supplier:

- a) Becomes insolvent or unable to pay its debts as they become due;
- b) Files a voluntary petition for bankruptcy or has an involuntary petition filed against it;
- c) Enters into any arrangement or composition with its creditors;
- d) Goes into liquidation or has a receiver appointed for all or part of its assets;
- e) Ceases or threatens to cease carrying on business;
- or f) Is otherwise unable to perform its obligations under the PO due to financial distress or operational challenges.

10.4. In the event of termination under Section 10.3, Buyer shall have the right to:

- a) Cancel any outstanding deliveries or services;
- b) Recover any advance payments made for undelivered goods or unperformed services;
- c) Seek alternative

suppliers to complete the PO requirements; and d) Pursue any other remedies available under law or equity.

**11. FORCE MAJEURE AND SUPPLY CHAIN DISRUPTION** 11.1. Supplier shall promptly notify Buyer of any event that may delay performance. If the delay lasts more than [30] days, Buyer reserves the right to cancel the PO without liability or penalty. 11.2. Supplier shall develop and maintain a robust supply chain risk management plan to mitigate potential disruptions. This plan shall include strategies for managing obsolescence of components critical to long-term aerospace projects.

**12. COMPLIANCE WITH LAWS AND ETHICS** 12.1. Supplier warrants compliance with all applicable laws, regulations, and industry standards, including labor, environmental, health, and safety regulations. Supplier shall provide all necessary certifications and documentation upon request. 12.2. Supplier must not engage in any form of bribery, corruption, or unethical business practices. 12.3. Supplier agrees to comply with all applicable provisions of the Arizona Uniform Commercial Code (UCC) as codified in Title 47 of the Arizona Revised Statutes. This includes, but is not limited to, provisions related to sales (Article 2), leases (Article 2A), and secured transactions (Article 9). Seller acknowledges that these provisions govern commercial transactions in Arizona and agrees to adhere to all relevant UCC requirements in its dealings with Buyer. 12.4. Supplier warrants compliance with all applicable export control regulations, including but not limited to the International Traffic in Arms Regulations (ITAR) and the Export Administration Regulations (EAR). 12.5. Supplier shall comply with the Dodd-Frank Act's conflict minerals provisions and provide all necessary documentation to demonstrate that materials used in the products do not originate from conflict regions.

**13. DISPUTE RESOLUTION** 13.1. Any disputes arising out of this Purchase Order shall be resolved at Buyer's sole discretion through mediation, arbitration, or litigation in the courts of Arizona, under the governing laws of Arizona. 13.2 By accepting this Purchase Order, Supplier expressly consents to the jurisdiction of Arizona courts for any such disputes. This consent to jurisdiction is irrevocable and Supplier waives any objection to venue.

**14. ASSIGNMENT AND SUBCONTRACTING** 14.1. Supplier shall not assign or subcontract any part of the PO without Buyer's prior written consent. Any unauthorized assignment shall be void, and Buyer may terminate the PO without liability. 14.2. Supplier must flow down all applicable requirements of this agreement to its sub-tier suppliers, including quality, delivery, and compliance obligations.

**15. ENTIRE AGREEMENT AND AMENDMENT** 15.1. These terms and conditions, together with the PO, constitute the entire agreement between Buyer and Supplier, superseding any

prior agreements. No amendment shall be valid unless made in writing and signed by an authorized representative of Buyer.

**16. SEVERABILITY** 16.1. If any provision of these terms is found to be invalid or unenforceable, the remaining provisions shall continue in full force and effect.