

SECTION I: ADMINISTRATIVE

1. **Scope.** These Terms & Conditions apply specifically to JEM Engineering. By performing on this order, in whole or in part, or delivery of any parts, or acceptance of any payment, Seller agrees to strictly comply with all of these terms and conditions, as well as JEM's Quality Requirements Clauses.
2. **Definitions.**
 - a. *Seller* shall mean the recipient of this purchase order.
 - b. *Buyer* shall mean JEM Engineering, LLC.
 - c. *Product or Products* shall mean shall refer to any goods and/or services provided to Buyer under this purchase order.

SECTION II: INSPECTION

All items purchased shall be subject to final inspection by JEM after delivery, notwithstanding any payment made for such items. JEM's exercise of this right shall not relieve Seller of its obligation to deliver products in accordance with the terms and conditions and specifications of this order. This requirement is in addition to the requirements of JEM's Quality Requirements Clauses.

SECTION III: DELIVERY

Seller's timely performance is a critical element of this order. All deliveries shall be in strict accordance with the applicable quantities and schedule set forth in this order.

The parties have agreed to the delivery dates established herein and Buyer has relied on these delivery dates for its commitments.

If Seller does not meet the delivery dates established herein, Buyer may, at its option and without limitation of any other remedies available in law and equity:

1. Accept late deliveries and/or a revised delivery schedule;
2. Hold Seller in default;
3. Impose liquidated damages for the cost of purchasing such or similar Products from another source; and/or
4. Cancel the order.

Buyer's acceptance of a late delivery shall not waive the remaining delivery schedule or relieve Seller of its obligation to make future deliveries in accordance with the delivery schedule established herein. Whenever it appears that Seller will not meet a scheduled delivery date, Seller shall immediately notify Buyer of the reason and expected length of the delay and provide Buyer with a written recovery schedule. Seller shall make every effort to avoid or minimize the delay to the maximum extent practicable, including the expenditure of premium time and most expeditious transportation. Any additional costs caused by these requirements shall be borne solely by Seller.

Unless the Order bears multiple ship dates, early shipment is accepted. Please advise or confer with JEM before making partial deliveries.

SECTION IV: PROPRIETARY INFORMATION, NON-DISCLOSURE & EXPORT CONTROL

Any information (drawings, technical data, etc.) provided by JEM to Seller remains the sole and exclusive property of JEM and may not be disclosed to any other party other than as needed for performance on this Order, and then only in accordance with this article 3.

If Products are manufactured with reference to Buyer's proprietary information or materials, Seller agrees that, pursuant to Clause 21, Protection of Proprietary Information of this Order, Seller shall not sell or offer such Products for sale to anyone other than Buyer without Buyer's prior written consent. The only exception to this clause is that provided by FAR 52.203-6, Restrictions on Subcontractor Sales to the Government, when that FAR clause is incorporated in the Order.

Seller agrees to comply with all export control laws and regulations of the United States of America, including the Arms Export Control Act of 1976 (22 USC 2751 et seq.), the International Traffic in Arms Regulation (22 CFR 120 et seq), and the Export Administration Regulations (15 CFR 768 et seq.), and their successor and supplemental laws and regulations, where applicable. Seller agrees that they will not export, provide, or transfer any export-controlled data, services, or hardware, except as permitted by these laws. Seller agrees that they will not knowingly or willfully attempt, solicit, cause, or aid, abet, counsel, demand, induce, procure, or permit the commission of any act prohibited by, or the omission of any act required by these laws.

SECTION V: TERMINATION FOR CONVENIENCE

In the event that JEM's customer and/or the government cancels the portion work under this Order, and JEM, in its sole discretion, determines the products are not needed for other customers, JEM may issue a termination for convenience, and the Seller shall stop work and be entitled to payment in accordance with FAR 52.249-2, provided that, the Seller provides all information required by the government Contracting Officer, or, in the case of a non-government customer, provides the costs incurred.

SECTION VI: STOP-WORK

In the event that JEM receives a stop-work order pursuant to FAR 52.242-15 and notifies Seller, Seller shall immediately stop work, and take all reasonable steps to minimize the incurrence of costs allocable to the work covered by the order during the period of work stoppage. The period of work stoppage may last up to 90 days, at the end of which JEM shall either direct resumption of work or cancellation under the Termination for Convenience clause. The Seller shall be eligible for an equitable adjustment in price and/or delivery if the work stoppage caused an increase in cost or time allocable to the Order.

SECTION VII: SPECIAL TOOLS OR EQUIPMENT

Equipment, dies, jigs, fixtures, molds, patterns, taps, gauges, and patterns used in the manufacture of Products for orders placed by Buyer shall be furnished by and at the expense of Seller, shall be kept in good condition, and when necessary, shall be replaced by Seller. If the price of this order does itemize the cost of special tools and equipment, Buyer may, at any time, reimburse Seller for the actual cost of any of the special tools or equipment, become owner of the same, and receive delivery of the same.

SECTION VIII: ADDITIONAL TERMS REGARDING QPRs 26 & 27 (SUSPECT/COUNTERFEIT ITEMS)

Suspect and *suspect counterfeit* shall mean, any item, part, component, or material that:

- a. is produced or altered to resemble or imitate and original or genuine product or new item without the authority or right to do so;
- b. does not contain the proper external or internal materials or components required by the original equipment manufacturer or original component manufacturer (“OEM”), nor is constructed in accordance with the OEM’s specification;
- c. is not traceable to an OEM sufficient to ensure authenticity in the OEM design or manufacture;
- d. has not successfully passed all OEM required testing, verification, screening, and quality control processes;
- e. may be of new manufacture, but is misleadingly labelled to provide the impression it is of a different class or quality or from a different source than is actually the case; or
- f. if visual inspection, testing, or other information provides reason to believe that the part may be a counterfeit part.

If Products delivered under this order constitute or include counterfeit parts or suspect parts, Seller shall, at its expense, promptly replace such Products so as to conform to the requirements of this order. Notwithstanding any other provision in this order, Seller shall be liable for all costs relating to counterfeit parts or suspect parts, including the cost of rework or corrective action that may be required to remedy the use or inclusion of such parts, including, without limitation, Buyer and Buyer’s customer(s) costs of removing counterfeit or suspect parts, and/or installing replacement parts, and of any testing necessitated by such removal or replacement.

SECTION IX: FAR & DFARS FLOW-DOWNS

The following FAR and DFARS clauses shall apply as required by the terms of the prime contract or by operation of law or regulation. It is intended that these clauses apply to Seller in such a manner as is necessary to reflect the position of Seller as a subcontractor to JEM and JEM’s customer, such that Seller and JEM both comply (as subcontractors) with their obligations to the prime contractor and the government. Consequently, in interpreting and applying the flow-down, and as context requires, the term “Contractor” and “Offeror” shall mean Seller, the term “Contract” shall mean JEM’s purchase order, and the terms “Government” or “Contracting Officer” or equivalent phrases shall mean JEM or JEM’s authorized representative, unless otherwise indicated or specified in the clause. In addition, the term “Commercial Item” shall mean a commercial item as defined in FAR 2.101 unless otherwise indicated or specified in the clause. In the event that there is a conflict between these clauses and any other term or condition of JEM Engineering, these clauses shall take precedence.

These clauses are incorporated by reference, with the same force and effect as if they were given in full text. Upon request, JEM will provide the full text. Also, the full text of a clause may be accessed electronically at this address:
<https://www.acquisition.gov/>.

- FAR 52.203-19 Prohibition on Requiring Certain Internal Confidentiality Agreements or Statements
- FAR 52.204-21 Basic Safeguarding of Covered Contractor Information Systems
- FAR 52.204-23 Prohibition on Contracting for Hardware, Software, and Services Developed or Provided by Kaspersky Lab and Other Covered Entities
- FAR 52.211-5 Material Requirements

SECTION IX: FAR & DFARS FLOW-DOWNS

FAR 52.222-20	Contracts for Materials, Supplies, Articles and Equipment Exceeding \$15,000.
FAR 52.222-21	Prohibition of Segregated Facilities
FAR 52.222-26	Equal Opportunity
FAR 52.222-36	Equal Opportunity for Workers with Disabilities (applies only if JEM's purchase order is \$15,000 or more)
FAR 52.222-40	Notification of Employee Rights Under the National Labor Relations Act (applies only if JEM's purchase order is \$10,000 or more)
FAR 52.222-50	Combating Trafficking in Persons
FAR 52.222-54	Employment Eligibility Verification (applies only if JEM's purchase order is for services and is over \$3,500)
FAR 52.223-3	Hazardous Material Identification and Material Safety Data
FAR 52.223-11	Ozone-Depleting Substances and High Global Warming Potential Hydrofluorocarbons, paragraphs (a) and (b) only.
FAR 52.223-18	Encouraging Contractor Policies to Ban Text Messaging While Driving (applies only if JEM's purchase order is \$10,000 or more)
FAR 52.225-13	Restrictions on Certain Foreign Purchases
FAR 52.227-14	Rights in Data – General
FAR 52.232-40	Providing Accelerated Payments to Small Business Subcontractors
FAR 52.247-64	Preference for Privately Owned U.S.-Flag Commercial Vessels (applies as specified in the clause)
DFARS 252.203-7002	Requirement to Inform Employees of Whistleblower Rights
DFARS 252.204-7000	Disclosure of Information
DFARS 252.204-7009	Limitations on the Use or Disclosure of Third-Party Contractor Reported Cyber Incident Information (applies if DFARS 252.204-7012 applies)
DFARS 252.204-7012	Safeguarding Covered Defense Information and Cyber Incident Reporting (applies if JEM's purchase order is for an ITAR-restricted item, has ITAR-restricted drawings, or JEM is otherwise providing covered defense information to Seller)
DFARS 252.223-7008	Prohibition of Hexavalent Chromium
DFARS 252.225-7007	Prohibition on Acquisition of United States Munitions List Items from Communist Chinese Military Companies
DFARS 252.225-7009	Restriction on Acquisition of Certain Articles Containing Specialty Metals (excluding paragraphs (d) and (e)(1) as specified in the clause).
DFARS 252.225-7048	Export-Controlled Items
DFARS 252.227-7013	Rights in Technical Data – Noncommercial Items
DFARS 252.227-7014	Rights in Noncommercial Computer Software and Noncommercial Computer Software Documentation
DFARS 252.227-7015	Technical Data – Commercial Items
DFARS 252.227-7017	Identification and Assertion of Use, Release, or Disclosure Restrictions
DFARS 252.227-7018	Rights in Noncommercial Technical Data and Computer Software – Small Business Innovation Research (SBIR) Program
DFARS 252.227-7026	Deferred Delivery of Technical Data or Computer Software
DFARS 252.227-7027	Deferred Ordering of Technical Data or Computer Software
DFARS 252.227-7028	Technical Data or Computer Software Previously Delivered to the Government
DFARS 252.227-7030	Technical Data – Withholding of Payment
DFARS 252.227-7030	Rights in Shop Drawings
DFARS 252.227-7037	Validation of Restrictive Markings on Technical Data
DFARS 252.228-7001	Ground and Flight Risk
DFARS 252.229-7011	Reporting of Foreign Taxes – U.S. Assistance Programs
DFARS 252.244-7000	Subcontracts for Commercial Items and Commercial Components (DoD Contracts)

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SECTION IX: FAR & DFARS FLOW-DOWNS

- DFARs 252.246-7007 Contractor Counterfeit Electronic Part Detection and Avoidance System
- DFARs 252.246-7008 Sources of Electronic Parts
- DFARs 252.247-7023 Transportation of Supplies by Sea – Basic
(applies as indicated in paragraph (i) if supplies are to be transported by sea)