

**TERMS AND CONDITIONS**  
**TIME AND MATERIAL ORDER - NON-U.S. GOVERNMENT**

**CLAUSE TITLE AND NUMBER**

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**GENERAL PROVISIONS:**

**1. DEFINITIONS**

- A. “Acceptance or Accept” means the verification by Buyer and/or Buyer’s Customer that the delivered Products and/or Services meet required specifications, standards and/or criteria as set forth in the Order.
- B. “Authorized Representative” means the person authorized by Buyer’s cognizant purchasing organization to administer and/or execute this Order and who has sole authority to make contractual commitments on behalf of Buyer, to provide contractual direction, and to change contractual requirements of this Order.
- C. “Buyer” means the Northrop Grumman legal entity identified on the face of the Order.
- D. “Data” means all financial/business information, designs, dimensions, specifications, drawings, patterns, computer files or software, know how, or other information, including Technical Data, concerning methods, manufacturing processes, equipment, gauges and tools used in the design and manufacture of Products or the provision of Services. Data may be recorded in a written or printed document, computer or electronically stored, software, or any other tangible form of expression.
- E. “Order” means the instrument of contracting, including these terms and conditions and all other referenced documents, and any subsequent changes or modifications.
- F. “Party/Parties” means Buyer and Seller individually/collectively.
- G. “Prime Contract” means the contracting instrument issued to Buyer or Buyer’s higher tier customer for the acquisition of Products and/or Services.
- H. “Product(s)” means those goods, supplies, reports, computer software, software licenses, Data, materials, articles, items, parts, components or assemblies, and any incidental Services described in this Order.
- I. “Seller” means the Party with whom Buyer is contracting under this Order.
- J. “Service(s)” means Seller’s time and effort, including any items, articles, Data, or similar materials provided to Buyer which are incidental to the performance of the Service.
- K. “Defense Article” shall have the meaning defined in ITAR 22 C.F.R. § 120.6.
- L. “Defense Service” shall have the meaning defined in ITAR 22 C.F.R. § 120.9.

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**2. ORDER ACCEPTANCE**

- A. This Order is Buyer's offer to Seller to purchase the Products and/or Services described in this offer. Any additional terms proposed in Seller's acceptance of Buyer's offer including, but not limited to, shrink-wrapped or click-through terms not specifically negotiated and identified on the Order, which add to, vary from, or conflict with the terms herein are hereby objected to by Buyer. Any such proposed terms shall be void and the terms herein shall constitute the complete and exclusive statement of the terms and conditions of the contract between the Parties and may hereafter be modified only by written instrument executed by the authorized representatives of both Parties. Any of the following shall constitute Seller's unqualified acceptance of this Order and these terms and conditions: (a) acknowledgment of this Order; (b) furnishing of any part of the Products and/or Services under this Order; (c) acceptance of any payment for the Products/Services under this Order; or (d) commencement of performance under this Order.
- B. If, after acceptance of the Order or at any time during the performance of this Order, Seller believes that any portion of this Order is inaccurate, inconsistent or incomplete, Seller shall promptly notify Buyer in writing identifying any discrepancies and requesting resolution before proceeding or continuing with the portion of this Order in question. In the event that the Seller fails to contact Buyer in a timely manner to resolve said discrepancies or inconsistencies and Seller proceeds with or continues any work in question, Seller shall be deemed to have proceeded on its own accord and shall be solely responsible for any errors or omissions, including all associated cost or schedule impacts or both resulting therefrom.

**3. ORDER OF PRECEDENCE**

In the event of any inconsistency between any parts of this Order, the inconsistency shall be resolved by giving precedence in the following order:

- A. Change Order Document
- B. Order Document
- C. Order Terms and Conditions (including any referenced Addenda)
- D. Statement of Work
- E. Specifications/Drawings
- F. Quality/Mission Assurance Requirements
- G. Supplier Data Requirements List (SDRL)/Data Item Description (DID)
- H. Other Referenced Documents

**4. ASSIGNMENT**

- A. Seller shall not assign or transfer, in whole or in part, this Order or any of its rights, payments, claims or interest under this Order without Buyer's prior, written consent. Any purported assignment in contravention of this clause shall be deemed null and void.
- B. Buyer may make direct settlements or adjustments in price, or both, with Seller under the terms of this Order notwithstanding any assignment of claims for money due or to become due under this Order and without notice to the assignee.

**5. SUBCONTRACTING**

- A. Seller shall not subcontract the entirety or any part of this Order without the prior written authorization of Buyer, and Seller shall require an agreement with conforming performance requirements from immediate and lower-tier suppliers. This restriction on subcontracting shall not apply to authorized distributors, dealers, jobbers or industrial suppliers nor shall it apply to purchases of standard commercial articles, including electronic components or raw materials including castings, forgings, and rough welded structures on which Seller will perform further work.
- B. No subcontract placed under this Order shall provide for payment on a cost-plus-percentage-of-cost basis and Seller agrees to select subcontractors/suppliers on a competitive basis to the maximum practical extent consistent with the objectives and requirements of this Order.
- C. Any subcontract, assignment, or other transfer of rights or obligations arising under this Order and made to a foreign person, as defined in the International Traffic in Arms Regulations or the Export Administration Regulations, must comply with the Export and Import Compliance clause herein.

**6. {RESERVED}****7. SERVICE RATES, INVOICING, PAYMENT**

- A. The rates for straight time and overtime work, which Seller will bill Buyer, for Services furnished under this Order, shall be those set forth in this Order. Buyer shall make no payment for work performed during holiday, or other overtime periods, unless such work is expressly authorized by Buyer.
- B. Seller represents that the rates set forth in this Order include all profit, wages, salaries, overhead, taxes, and other costs and expenses.
- C. Unless otherwise specific in the Order, Seller will refer to Buyer's invoice instructions document on the Online Automated Supplier Information System (OASIS) website located at <http://www2.northropgrumman.com/suppliers/OASISDocuments/SupplierInvoiceInstructions.pdf> for invoicing and submission information.
- D. All work performed beyond the stated expiration date or total funding of this Order will be at Seller's "own risk." No legal liability on the part of Buyer may arise until Seller receives written notice from Buyer that the period of performance has been extended and funding is available.
- E. Payment terms will be stated in the Order. Payment due dates, including discount periods, will be calculated from the date of Buyer's Acceptance of Product(s) or Service(s) or correct invoice, whichever is later. Any applicable discount will be taken on the full amount invoiced. Buyer has the right, without loss of discount privileges, to pay invoices covering Products shipped in advance of schedule on the normal maturity after the date specified for delivery. Payment shall not constitute Acceptance or approval of Products or Services rendered. At any time prior to final payment under this Order, Buyer may have invoices validated. Payment of Seller's invoices shall be subject to adjustment for any amounts found to have been improperly invoiced. Buyer shall be entitled at all times to set off (a) any amount owing at any time from Seller to Buyer or any of its affiliated companies; (b) any damages resulting from Seller's default under or breach of any contract (including any purchase order and these terms); (c) any adjustment for shortage or rejection and any associated costs, against any amount payable at any time by Buyer or any of its affiliated companies to Seller.
- F. Release of Financial Liability and Claims. Within one hundred and twenty (120) days (or longer period if approved in writing by the Buyer) after settlement of the final annual indirect cost rates for all years of a physically complete Order, the Seller shall submit a completion invoice or voucher to reflect the settled amounts and rates. The Seller is responsible for providing status of any Seller audits to the Buyer upon request. If the Seller fails to submit a completion invoice or voucher within the time specified above, the Buyer may- (A) Determine the amounts due to the Buyer under the Order; and (B) Record this determination in a unilateral modification to the Order. This determination

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shall constitute

the final decision of the Buyer in accordance with the Disputes clause.

Billing rates. Until final annual indirect cost rates are established for any period, the Buyer shall reimburse the Seller at billing rates established in the Order, subject to adjustment when the final rates are established. These billing rates- (1) Shall be the anticipated final rates; and (2) May be prospectively or retroactively revised by mutual agreement, at either Party's request, to prevent substantial overpayment or underpayment.

- G. Payments to Seller must be made to an office or branch of a regulated bank located in the jurisdiction where the Seller maintains its principal place of business or is providing the Products or Services under this Order, unless prior written consent is received from Buyer.

**8. {RESERVED}**

**9. DEFECTIVE WORK**

- A. Notwithstanding any prior Acceptance, Buyer may reject or require prompt correction of any Products or Services which are, in Buyer's judgment, defective in material or workmanship or otherwise fail to meet the drawings, designs, statement of work, specifications or other technical documents, or other requirements of this Order.
- B. If Seller delivers defective or nonconforming Products or Services, Buyer may:
1. Accept all or part of the defective or non-conforming Products or Services at an equitable price reduction or credit against any amounts that may be owed to Seller under this Order or otherwise; or
  2. Reject all or any part of a delivery or performance of defective or non-conforming Products or Services and demand delivery of conforming Products or re-performance of Services. All rejected Products shall be shipped back to Seller at Seller's expense and any re-performance of defective or nonconforming Services shall be at no cost to Buyer; or
  3. Make or perform, or have a third party make or perform, all repairs, modifications, or replacements necessary to enable such Product or Service to comply in all respects with Order requirements and charge the expense incurred to Seller; or
  4. Terminate this Order for default in whole or in part.
- C. Any rejected or corrected Products or Services shall not thereafter be tendered for Acceptance unless the former rejection or requirement for correction is disclosed. All repair, replacement and other correction and redelivery shall be completed within the original delivery schedule unless otherwise directed by Buyer.
- D. Seller shall immediately notify Buyer upon discovery of actual or potential defects or non-conformance affecting delivered Product or performed Service.

**10. {RESERVED}**

**11. {RESERVED}**

**12. WARRANTY**

- A. Seller expressly warrants that all Product(s) delivered and Service(s) performed hereunder shall be free from defects, shall be of good materials and workmanship, shall conform to all requirements of this Order, and shall be free of any claim of any third party.
- B. The foregoing warranties shall survive inspection and Acceptance of, and payment for, the Product(s) delivered and Service(s) performed hereunder and shall remain in effect as to each Product furnished or Service performed and shall run to Buyer, its successors, assigns, and customers. These warranties shall not be deemed to limit any warranties of additional scope given to Buyer by Seller, nor limit Buyer's rights or Seller's obligations under any other provision of this Order, at law or in equity. No warranties are waived by Buyer supplying, reviewing, commenting upon, or approving plans, specifications, or Data, issuing changes to this Order, or inspecting or Acceptance of the Product(s) or Service(s) or both.
- C. If Buyer determines the Product(s) or Service(s) or both do not meet the warranties and guarantees specified herein, Buyer may, within its sole discretion, return such Product(s) to Seller at Seller's expense, for correction, replacement or credit, plus transportation charges, or refuse to confirm satisfactory completion of Service(s) and require Seller re-perform such Service(s). If repair, replacement, or re-performance of the Product(s) or Service(s) or both is not timely, Buyer may elect to return, repair, replace, or re-procure the non-conforming Work at Seller's expense. Any corrected, replaced, or repaired Product(s) or re-performed Service(s) shall be subject to the provisions of this Clause to the same extent as initially furnished hereunder for the remaining Warranty Period. Should Buyer's customer require Acceptance of the Product(s) or Service(s) or both not conforming to this warranty, the Parties will mutually agree on consideration to Buyer, including but not limited to a refund or equitable reduction in price. Failure to reach mutual agreement on a refund or an equitable reduction shall be considered a Dispute under the Disputes/Arbitration clause.
- D. Should there be a failure of the Product(s) or Service(s) or both after final Acceptance by Buyer, Seller shall fully cooperate with Buyer and Buyer's customer in the investigation of the failure or anomaly. Seller consents to provide any and all information related to the failure.

**13. CHANGES**

- A. Buyer's Authorized Representative may at any time, by written order, and without notice to sureties or assignees, if any, make changes within the general scope of this Order. in (1) drawings, designs, statement of work, specifications, planning and /or other technical documents; (2) method of shipment, packaging, or packing; (3) time and place of inspection, delivery or Acceptance; (4) reasonable adjustments in quantities and/or delivery schedules; (5) place of performance of the Service; (6) the amount of Buyer/Government furnished property; and (7) terms and conditions required to meet Buyer's obligations under its Prime Contracts, including, but not limited to, any mandatory flow-down clauses.
- B. If any authorized change causes an increase or decrease in the cost or time required to perform this Order, Buyer and Seller shall negotiate an equitable adjustment in the price and/or schedule, to reflect the increase or decrease. Buyer shall modify this Order in writing accordingly.
1. Any claim for adjustment shall be unconditionally waived unless: (i) asserted in writing and delivered to Buyer's Authorized Representative within fifteen (15) days of the date of the written change order and (ii) a fully supported proposal is delivered to Buyer's Authorized Representative within thirty (30) days of the date of the written change order.
  2. If Seller claims the cost of any Product made obsolete or excess, Buyer shall have the right to prescribe the manner of disposition of the Product to include the right to acquire that Product for cost claimed.
  3. Buyer, its Authorized Representatives, and its customer have the right to examine any of Seller's pertinent books and records for the purpose of verifying Seller's claim. However, at Seller's request, in lieu of Buyer, a mutually agreeable third party can examine books and records to verify Seller's claim.
  4. Failure to agree to any adjustment shall be a dispute within the meaning of the "Disputes" clause hereof. However, Seller shall not be excused from proceeding with this Order as changed.

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- C. Buyer's engineering, technical personnel and other representatives may from time to time render assistance or give technical advice or discuss issues or engage in an exchange of information with Seller's personnel concerning the Products or Services hereunder. No such action shall be deemed to be a change, nor shall it be the basis for an equitable adjustment, and no such action shall relieve Seller of its obligations under this Order.
14. **GOVERNING LAW**  
Both Parties agree that, irrespective of the place of performance of this Order, this Order will be governed, construed, and interpreted according to the law of the Commonwealth of Virginia, without regard to its conflict of laws principles. The 1980 United Nations Convention on Contracts for the International Sale of Goods and its related instruments will not apply to this Order.
15. **DISPUTES**  
A. Any dispute arising under or in connection with this Order with respect to the rights, duties, or obligations of the Parties shall be submitted in writing for resolution to ascending levels of management of the respective Parties.  
B. If a dispute cannot be resolved to both Parties' mutual satisfaction, after good faith negotiations, within ninety (90) days from the date the written claim is received by the other Party, or such additional time as the Parties agree upon in writing, either Party may bring suit only in the state or federal court located in the Commonwealth of Virginia. Seller consents to personal jurisdiction for this purpose in the Commonwealth of Virginia.  
C. Pending any prosecution, appeal, or final decision referred to in this clause, or the settlement of any dispute arising under this Order, both Parties shall proceed diligently, with their respective obligations under this Order.  
D. To the maximum extent permitted by law, the Parties waive any right to a jury trial.  
E. In no event shall Buyer be liable for anticipated profits, incidental or consequential damages. Buyer's liability on any claim, of any kind and for any loss or damage arising out of, connected with or resulting from this Order, or from the performance or breach thereof shall, in no case, exceed the price allocable to the Products and/or Services, or unit thereof, which gives rise to the claim. Buyer shall not be liable for penalties of any description. Any action resulting from any breach on the part of Buyer as to the Products and/or Services delivered hereunder must be commenced within one year after the cause of action has accrued.  
F. In no event shall Seller acquire any direct claim, or direct course of action against the United States Government (U.S.G.) except as approved by Buyer pursuant to this clause or as otherwise authorized by law.
16. **{RESERVED}**
17. **TERMINATION FOR CONVENIENCE**  
A. This Order and any and all rights granted and obligations assumed hereby may be terminated in whole or part by Buyer giving written notice to Seller. Upon receipt of a notice of termination, and except as otherwise directed by Buyer, Seller shall immediately, as to the terminated portion of this Order and regardless of any delay in determining or adjusting any amounts due under this clause, promptly stop work, notify subcontractors to stop work, and protect property in Seller's possession in which Buyer has or may acquire an interest.  
B. As directed by Buyer, Seller shall transfer title and possession to Buyer of any inventory and property, including plans, drawings, and information held by Seller which is for Buyer's Order. In accordance with Buyer's instructions, Seller shall assign to Buyer all right, title, and interest of Seller under the subcontracts of Seller that are terminated, in which case Buyer shall have the right to settle or to pay any termination settlement proposal arising out of those terminations. With approval or ratification to the extent required by Buyer, Seller shall settle all outstanding liabilities and termination settlement proposals arising from the termination of Seller's subcontracts; the approval or ratification will be final for purposes of this clause.  
C. Seller shall submit a termination settlement proposal within sixty (60) days after the effective date of the termination notice incorporating all claims of Seller in the form and with the certification prescribed by Buyer. Seller and Buyer may agree upon the whole or any part of the amount to be paid because of the termination and the Order shall be amended and Seller paid the agreed amount. In no event shall payment to Seller exceed the total Order price as reduced by the amount of payments previously made and the Order price of work not terminated.  
D. Unless otherwise provided in this Order, Seller shall maintain all records and documents relating to the terminated portion of this Order for three (3) years after final settlement. This includes all books and other evidence bearing on Seller's costs and expenses under this Order. Seller shall make these records and documents available to Buyer, at Seller's office, at all reasonable times, without any direct charge.
18. **TERMINATION FOR DEFAULT**  
A. Subject to paragraphs C and D below, Buyer may terminate this Order in whole or in part, by written notice of default to Seller if Seller:  
1. Fails to deliver the Products or to perform the Services within the time specified in this Order or any extension;  
2. Fails to make progress so as to endanger performance of this Order or to perform any of the other provisions of this Order and does not cure that failure within a period of ten (10) days after receipt of the notice from Buyer specifying Seller's failure to perform; or  
3. Becomes insolvent or makes a general assignment for the benefit of creditors, or files or has filed against it a petition of bankruptcy or pursues any other remedy under any other law relating to the relief for debtors, or in the event a trustee or receiver is appointed for Seller's property or business; or assignment.  
B. If Buyer terminates this Order in whole or in part, it may acquire, under the terms and in the manner Buyer considers appropriate, Products or Services similar to those terminated, and Seller will be liable to Buyer for any excess costs for those Products or Services. However, Seller shall continue the work not terminated. In addition, Buyer may rework or repair any Product or re-perform any Service, at Seller's cost.  
C. If the failure to perform is caused by the default of a subcontractor of Seller at any tier, and if the cause of the default is beyond the control of both Seller and subcontractor, and without the fault or negligence of either, Seller shall not be liable for any excess costs for failure to perform, unless the subcontracted Products or Services were obtainable from other sources in sufficient time for Seller to meet the required delivery schedule.  
D. If this Order is terminated for default, Buyer may require Seller to transfer title and deliver to Buyer, as directed by Buyer, any (1) completed Products, and (2) partially completed Products and materials, parts, tools, dies, jigs, fixtures, plans, drawings, information, and contract rights (collectively referred to as "manufacturing materials" in this clause) that Seller has specifically produced or acquired for the terminated portion of this Order. Upon direction of Buyer, Seller shall also protect and preserve property in its possession in which Buyer has an interest.  
E. Buyer shall pay the Order price for completed Products delivered or Services performed and Accepted. Seller and Buyer shall agree on the amount of payment for manufacturing materials delivered and Accepted and for the protection and preservation of the property.

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- F. Buyer shall, at its option, have the right to set off against, or appropriate and apply to the payment or performance of any obligation, sum or amount owing at any time to Buyer under this Order, all deposits, amounts, or balances held by Buyer for the account of Seller, any amounts owed by Buyer to Seller, and any sum Buyer determines to be necessary to protect Buyer against loss because of outstanding liens or claims of former lien holders.
- G. The rights and remedies of Buyer in this clause are in addition to any other rights and remedies provided by law or under this Order.
19. **{RESERVED}**
20. **BUYER PROPERTY**
- A. Title to all property furnished to Seller by Buyer, or paid for by Buyer shall remain with Buyer. Seller shall not alter or use such property for any purpose or for any other Party other than that specified by Buyer, without the prior written consent of Buyer. If Buyer agrees to pay Seller for acquisition of tooling and equipment, either separately or as a stated part of the unit price of Products purchased herein, title to the same shall pass to Buyer upon (i) commencement of processing for use in performance of this Order, or (ii) Buyer payment therefore, whichever occurs first.
- B. Seller shall assume the risk of, and be responsible for, any loss, theft, destruction of or damage to Buyer property while in Seller's possession or control. If Seller damages any property, Seller shall be responsible for making repairs at no cost to Buyer. Upon Buyer's written request to Seller for any property under this clause, if Seller cannot locate Buyer property within five (5) days, Seller shall notify Buyer that the item was not located and Seller subsequently has twenty (20) days to find the misplaced property. After such period, if it has not been located, the property shall be deemed "lost" and at Buyer's election, Seller shall either reimburse Buyer for the replacement and all related delay costs, or remake the lost property at no cost to Buyer.
- C. Seller shall return all such property in a condition as good as when received except for reasonable wear and tear. Seller shall establish and maintain a property control system approved by Buyer. At all times, Buyer shall have access to Seller's facilities for the purpose of reviewing its compliance with the management of Buyer property related to this Order.
21. **TAXES AND DUTIES**
- The price of this Order includes all applicable foreign and domestic federal, state, and local taxes, duties, tariffs, and similar fees ("Taxes") levied upon, or measured by, the sale, the sales price, or use of Products and/or the performance of Services associated with this Order. Seller shall separately list on its invoice (or voucher) any Taxes. Seller shall comply with any reasonable request by Buyer regarding Tax payments under protest and shall make appropriate adjustments to afford Buyer the benefit of any refund or reduction in Taxes.
22. **INFORMATION OF BUYER AND SELLER**
- A. Unless expressly stated otherwise herein, the exchange of information under this Order shall be governed by this Order and, in particular this Clause, which supersedes any prior agreement between Buyer and Seller to protect information relating to the purpose of this Order.
- B. Definitions:
1. "Information" means information disclosed by the Parties to support their performance under this Order.
  2. "Proprietary Information" means Information which (i) is provided or otherwise made available by Buyer (hereinafter the "Disclosing Party") to Seller (hereinafter the "Receiving Party"); and, (ii) is marked proprietary or bears a marking of like import. Information accessed or made available in electronic form shall be considered Proprietary Information if: (A) any display of the Information also displays a proprietary legend or (B) if such Information is accessed or made available to the Receiving Party via a secure website or portal. Orally or visually disclosed Information shall be deemed Proprietary Information only if identified as proprietary at the time of disclosure and summarized and confirmed in a written and labeled description delivered to the Receiving Party within thirty (30) days.
  3. "Government Entity" means an agency of the U.S. Government or a foreign government.
  4. "Government Program" means a program that is instituted by a Government Entity.
  5. "Government Program Parties" means Parties who have contractual obligations under a Government Program.
- C. Seller shall hold all Buyer Proprietary Information in confidence and restrict disclosure thereof to only its employees, contract labor and agents who have a need to know so that Seller may perform its obligations under this Order and are under obligations to hold such information in confidence under terms and conditions at least as restrictive as the terms and conditions of this Order.
- D. Seller agrees to use Buyer's Proprietary Information only for purposes necessary for performing Seller's obligations under this Order and not for the benefit of any other Party. Seller further hereby grants to Buyer a non-exclusive, irrevocable, worldwide, right and license to copy, modify, use and disclose any Information received from Seller for Buyer's performance of this Order and to Government Program Parties when a Government Entity requires Buyer and Government Program Parties to coordinate or integrate work for the associated Government Program, and the Government Program Parties need to use Seller's Information to complete their contracts under the Government Program. The Government Program Parties must be under an obligation to (1) retain any restrictive markings on Seller's Information, (2) protect Seller's Information to the same degree as provided herein; and, (3) limit use of Seller's Information to performance of a contract under the Government Program. Except as required for the performance of this Order, Seller may make no use, either directly or indirectly, of Buyer's Proprietary Information without the prior written consent of Buyer. Upon Buyer's request, Seller shall destroy or transfer to Buyer all existing copies of Buyer's Proprietary Information.
- E. Seller agrees that all Information, drawings, specifications, Data, documents and materials heretofore or hereafter furnished or disclosed by Seller ("Seller Information") to Buyer in connection with the placing or performance of this Order is furnished or disclosed as a part of the consideration for this Order; that Seller Information is not, unless otherwise agreed to by Buyer in writing, to be treated as confidential or proprietary; and that Seller shall assert no claims (other than for patent infringement) by reason of the use or disclosure of Seller Information by Buyer, its assigns, or its customers and Seller shall not place any restrictive markings on Seller Information. Any agreement purporting to provide for the confidential treatment of, or limiting the use of or disclosure of, Seller information, must be in writing and signed by Buyer.
- F. Exceptions. Seller shall not be liable hereunder for use or disclosure of Proprietary Information which occur after such Proprietary Information:
1. is or becomes publicly known through no wrongful act of Seller; or
  2. is known to or in the possession of Seller without restriction on disclosure or use through no wrongful act of Seller, as evidenced by competent proof; or
  3. is rightfully received by Seller from a third party without restriction and without breach of this Agreement; or
  4. is independently developed by Seller without the use of or reference to the Proprietary Information.
- In addition, Seller shall not be liable hereunder for use or disclosure of Proprietary Information if such Proprietary Information is disclosed to satisfy a legal order by a court of competent jurisdiction or governmental action; provided, however, that Seller shall first

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- advise Buyer within sufficient time prior to the disclosure so that Buyer has the opportunity to seek appropriate relief from the court or governmental order, and provided further that Seller shall disclose only those portions of the Proprietary Information legally required to be disclosed and request confidential treatment of the Proprietary Information by the court or governmental entity.
- G. All documents and other tangible media (excluding Products) transferred in connection with this Order, together with any copies thereof, are and remain the property of Buyer.
- H. Neither the existence of this Order nor the disclosure hereunder of Proprietary Information or any other information shall be construed as granting expressly, by implication, by estoppel or otherwise, a license under any invention or patent now or hereafter owned or controlled by Buyer or Buyer's customer, except as specifically set forth herein.
- I. Seller agrees that Buyer's Information is valuable and unique, and that the loss resulting from unauthorized disclosure thereof may cause irreparable injury to Buyer, which may not be adequately compensated in money damages. Seller, therefore, expressly agrees that Buyer shall be entitled to seek injunctive and/or other equitable relief, in addition to any other remedies available to Buyer for breach of this clause.
- J. A Party's obligations with respect to information or Data disclosed hereunder prior to the performance in full, termination or cancellation of this Order shall not, except as expressly set forth herein, be affected by such performance in full, termination, or cancellation.
- K. Defend Trade Secrets Act provision – applicable only to individuals or to be flowed down to individuals. Pursuant to the Defend Trade Secrets Act of 2016, if Seller is an individual, Seller acknowledges that he/she shall not have criminal or civil liability under any Federal or State trade secret law for the disclosure of a trade secret that (a) is made (i) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (b) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. In addition, if Seller files a lawsuit for retaliation by Northrop Grumman for reporting a suspected violation of law, Seller may disclose the trade secret to Seller's attorney and may use the trade secret information in the court proceeding, so long as Seller (x) files any document containing the trade secret under seal and (y) does not disclose the trade secret, except pursuant to court order. Seller agrees to flow down this provision to all contract labor and agents of Seller who are authorized under this Agreement to receive Northrop Grumman Proprietary Information and who are individuals.
- L. The right to use information provisions provided under this clause 22 shall not be affected by termination or cancellation of this Order before performance in full of all Government Program contracts or other agreements through which Buyer needs to use Seller's Information to perform under such agreement. The limitations on the scope of use of Information under this clause 22 shall not be affected by termination or cancellation of this Order.
- 23. SUBCONTRACT DELIVERABLES**
- Seller agrees and acknowledges that all deliverables, or portions thereof, under this Order ("Deliverable Materials") may be incorporated into deliverables under the next higher tier or Prime Contract. Seller hereby grants Buyer the right to deliver the Deliverable Materials or any portion thereof under the next higher tier or Prime Contract. Seller further hereby agrees to deliver the Deliverable Materials under this Order with the appropriate markings required by the Government regulations incorporated into this Order.
- 24. INTELLECTUAL PROPERTY RIGHTS**
- A. "Intellectual Property" means creations of the mind: ideas, inventions, works of authorship, and symbols, names, images, and designs used in commerce embodied in for example, Technical Data, designs, information, computer software, drawings, formulae, specifications, diagrams, processes, know-how, procedures and technology and legal rights in such creations of the mind.
- B. "Works" means physical manifestations of Intellectual Property created under this Order.
- C. Intellectual Property developed or otherwise acquired by Buyer or Seller prior to or outside the scope of this Order ("Background Intellectual Property"), and any intellectual property rights therein, shall be owned by the Party that developed or otherwise acquired the Background Intellectual Property and associated rights.
- D. "Foreground Intellectual Property" means ideas, inventions, information, drawings, specifications, software, mask sets, and computer models, Data, designs, procedures, processes, computer software, and Works conceived, created, acquired or initially reduced to practice in connection with this Order and all intellectual property rights therein.
- E. Seller agrees to make prompt and complete written disclosure to Buyer of Foreground Intellectual Property. Seller agrees to keep necessary records supporting such Foreground Intellectual Property and discoveries and will furnish to Buyer upon request all such records.
- F. Seller agrees that Buyer owns all right title and interest in Foreground Intellectual Property, regardless of whether such Foreground Intellectual Property is furnished or disclosed as a part of the consideration for this Order. Buyer shall have the full right to use Foreground Intellectual Property in any manner without any claim on the part of Seller and without any duty to account to Seller for such use. Seller hereby assigns to Buyer all of Seller's rights in any patent or patent application, or other registration or application for registration, or any other intellectual property right, for any Foreground Intellectual Property, and to provide reasonable support at Buyer's expense for Buyer's prosecution of any applicable patent application. With respect to copyrightable Work, Buyer and Seller agree that any Foreground Intellectual Property that qualifies as commissioned works under the Copyright Act are considered "works made for hire" with Buyer solely owning any such copyright; otherwise, Seller agrees to assign, and does hereby assign copyright ownership of the Works to Buyer.
- G. Seller agrees that Foreground Intellectual Property will be treated as confidential and proprietary to Buyer and will be marked as "Northrop Grumman Proprietary Information". Seller further agrees to assert no claims by reason of the use or disclosure of Foreground Intellectual Property by Buyer, its assigns, or its customers. Other than the "Northrop Grumman Proprietary Information" marking, Seller shall not place any markings, restrictive or otherwise, on any Foreground Intellectual Property.
- H. Seller shall not disclose Foreground Intellectual Property to any other entity and shall use Foreground Intellectual Property only for performing Seller's obligations under this Order and not for the benefit of any other Party. Except as required for the efficient performance of this Order, Seller shall not make copies or permit copies to be made of Foreground Intellectual Property without the prior written consent of Buyer. Except in performing this Order, Seller shall make no use, either directly or indirectly, of any Foreground Intellectual Property or any information derived from Foreground Intellectual Property without obtaining Buyer's written consent. Upon Buyer's request, Seller shall transfer to Buyer all existing copies of Foreground Intellectual Property.
- I. Seller agrees not to include any Seller Background Intellectual Property or any third party Intellectual Property in any Products or Services without the express written consent of Buyer. If Seller does include Seller or third party Background Information in any Product or Service, Seller hereby grants, and agrees to grant to Buyer an unlimited, irrevocable, paid-up, royalty-free right and license to make, have made, sell, offer for sale, use, execute, display, perform, and, in the case of copyrighted or copyrightable Intellectual Property, reproduce, distribute (internally or externally) copies of, and prepare derivative works of any Seller or third party Background Intellectual Property as necessary for the use of the Products, Services or Foreground Intellectual Property.
- J. Neither the existence of this Order nor the disclosure hereunder of Proprietary Information or any other information shall be construed as

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granting expressly, by implication, by estoppel or otherwise, a license under any invention or patent now or hereafter owned or controlled by Buyer, except as specifically set forth herein.

- K. If requested by Buyer at any time before closeout of this Order, Seller shall deposit, at Buyer's expense, copies of all information, such as manuals, computer programs/software, specifications, designs, drawings, procedures, and processes, whether or not copyrightable or patentable, which are necessary and sufficient to permit Buyer to make, have made, use, test, qualify, operate, install, integrate, sell, offer for sale and maintain the deliverables under this Order ("Required IP"), with a mutually acceptable escrow agent. The terms of such escrow arrangement shall be set forth in a mutually agreed upon escrow agreement ("Escrow Agreement"), including, without limitation, appropriate confidentiality provisions, provided, however, that such Escrow Agreement shall contain the Release Conditions as hereinafter defined.
- L. Buyer shall be entitled to receive a copy of Required IP; and Seller hereby grants to Buyer a nonexclusive, irrevocable, royalty free, worldwide nontransferable right and license to copy, use, modify or create derivatives of the Required IP to make, have made, use, test, qualify, operate, install, integrate, sell, offer for sale, maintain, upgrade and repair the deliverables if, and only if: (1) Seller ceases doing business in the ordinary course; or, (2) Seller becomes a party to any bankruptcy or receivership proceedings which are not dismissed within sixty (60) days; or (3) Seller fails to meet the delivery schedule associated with this Order as to be in default of this Order (after passage of any cure periods). Subsections (1), (2) and (3) of this clause are, collectively, the "Release Conditions".
- M. Buyer shall have the right to identify any item not included in the Required IP and request that it be added to the Required IP (either by addition to the escrow or, if the Required IP has been released to Buyer, directly to Buyer) in order for Buyer to exercise its rights and licenses hereunder. Seller shall, from time to time, update, the Required IP as deemed necessary by Seller to include all Required IP necessary for Buyer to exercise the right and license provided herein.
- 25. INTELLECTUAL PROPERTY INFRINGEMENT WARRANTY AND INDEMNITY**
- A. Seller warrants that the performance of Seller under this Order, including any Services provided by Seller to Buyer, and the sale, use, or incorporation into manufactured Products of all machines, devices, material, software, and firmware which are not of Buyer's design, composition, or manufacture shall be free and clear of infringement of any valid patent, copyright, trade mark, mask works, or other proprietary rights.
- B. Seller shall indemnify, defend, and hold harmless Buyer, its directors, officers, employees, consultants, agents, affiliates, successors, permitted assigns and customers ("Indemnitees") from and against all claims, suits, actions, awards (including, but not limited to, awards based on intentional infringement of patents known at the time of such infringement, exceeding actual damages and/or including attorney's fees and/or costs), liabilities, damages, costs and attorney's fees related to the actual or alleged infringement of any U.S. or foreign intellectual property right (including, but not limited to, any right in a patent, trademark, copyright, industrial design or semiconductor mask work, or based on misappropriation or wrongful use of information or documents) and arising out of the performance of Seller under this Order or the manufacture, sale or use of Products delivered by Seller under this Order, or the provision of Services by Seller under this Order, by either Buyer or Buyer's customer ("Infringement Claims"). Buyer and/or its customer will duly notify Seller of any such Infringement Claim and Seller will, at its own expense, fully defend such Infringement Claim on behalf of the Indemnitees. Seller will have no obligation under this clause with regard to any infringement arising from (a) the compliance of Seller's new Product design with formal specifications issued by Buyer where infringement could not be avoided in complying with such specifications or (b) use or sale of Products for other than their intended application in combination with other items when such infringement would not have occurred from the use or sale of those Products solely for the purpose for which they were designed or sold by Seller.
- C. If the manufacture, use or sale of a Product delivered by Seller under this Order is likely to be or is enjoined as a result of a suit, Seller, at no expense to Buyer, shall obtain for Buyer and its customer the right to use and sell the Product or shall substitute an equivalent Product acceptable to Buyer, at its sole discretion, and extend this indemnification thereto.
- D. Notwithstanding the foregoing, when this Order is performed under the authorization and consent of the U.S.G. to infringe U.S. Patents, Seller's liability for U.S. patent infringement under this Order shall be coextensive with Buyer's liability.
- E. For purposes only of this clause and clause 26 below, the term "Buyer" will include Northrop Grumman Corporation and all Northrop Grumman subsidiaries and all directors, officers, agents and employees of Northrop Grumman Corporation or any Northrop Grumman Corporation subsidiary.

**26. INDEMNIFICATION**

Seller shall indemnify, defend, and hold harmless the Indemnitees, as defined in clause 25 above, from and against all costs, losses, expenses, damages, claims, suits, or any liability whatsoever (including attorneys' fees), arising out of or in connection with the work to be performed hereunder, or the Products to be sold hereunder, or any act or omission of Seller, its agents, employees, or subcontractors, except to any extent otherwise expressly provided for elsewhere within this Order. Seller also agrees to indemnify, defend, and hold harmless the Indemnitees from and against all costs, losses, expenses, damages, claims, suits, or any liability whatsoever (including attorneys' fees), arising out of or in connection with Seller's violation of any applicable laws, executive order or regulation. Buyer will inform Seller of any claim, demand or suit asserted or instituted against it and, with Buyer's consent, permit Seller to defend the same or make settlement in respect thereof. Buyer shall have the right to participate in the defense of any such claim, demand or suit with counsel of its choosing at Buyer's expense and Seller may not settle, compromise or consent to the entry of any judgment in respect thereof, without Buyer's prior written consent, unless such settlement, compromise or consent: (i) includes an unconditional release of Buyer from all liability arising out of such claim, demand or suit; (ii) is solely monetary in nature and (iii) does not include an admission of fault by Buyer or otherwise adversely affect Buyer. If Seller fails to indemnify, defend and hold harmless Buyer as provided in this clause, then Seller shall pay for any damages, attorney's fees, and any other fees, costs, and expenses that may be incurred by Buyer in the defense of any action related to this Order and/or in the prosecution of any action to enforce the provisions of this clause.

**27. {RESERVED}**

**28. INSURANCE**

- A. Seller and its subcontractors, at their sole cost and expense, will at all times, prior to commencement and throughout the period of performance of this Order, maintain with reputable insurance companies that are authorized to do business under the laws of the state(s) in which the work is being performed, insurance coverage in the minimum amounts as indicated below:
1. Worker's Compensation insurance coverage (or DBA, LS&H, or local equivalent outside the U.S.) as required by the laws of the state in which the work is performed and such insurance shall provide waiver of subrogation against Buyer.
  2. Employer Liability insurance in the amount of \$1,000,000.
  3. Commercial General Liability (CGL) (ISO form CG 0001 12/04 or equivalent) with a Combined Single Limit (CSL) of \$2,000,000 bodily injury and/or property damage. Coverage shall include, but not necessarily be limited to, premises and operations, Products and completed operations and contracts.
  4. Automobile Liability (AL) with a CSL of \$2,000,000 bodily injury and/or property damage covering all owned, hired and non-

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- owned vehicles.
5. If work involves Aviation or Spacecraft Products, Aviation Products Liability with a CSL of \$100,000,000. In addition, for any Seller who will be responsible for aircraft in their care, custody and control, Hangar keeper's Liability Insurance with adequate limits to cover all such aircraft at any one location.
  6. If project involves ownership or lease of an aircraft on Buyer's behalf, Aviation Hull and War Risk for Replacement Cost or Agreed value.
  7. For Foreign Direct Sales, such insurance as mandated by the country involved.
  8. Additional insurance types and/or limits will be necessary if the work involves special or hazardous operations. The special or hazardous operations include, but are not limited to: information technology/cyber risk, dispensing of medical care, operations involving the nuclear hazard, providing professional engineering advice, large construction projects (above \$5,000,000) hazardous waste, food service (including liquor liability), crane operation, work above ground, work below ground, and operations involving demolition or explosives. Following are examples for additional types of insurance:
    - a. Errors and omissions or professional liability
    - b. Commercial Crime, including employee dishonesty coverage, and if relevant, computer crime and wire transfer coverage, with limits of at least \$5 million per occurrence. Coverage must apply to loss or damage to Buyer (or to third parties for whom Services are performed), that is caused by Seller's employees.
    - c. Environmental impairment liability or pollution liability insurance with a minimum limit of \$10 million per event, \$10 million aggregate covering the Seller's relevant locations under this agreement.
    - d. Warehouse liability insurance with a minimum limit of \$10 million, covering the Seller's relevant locations under this agreement. Coverage must not contain exclusions for financial records of any kind.
  9. Such other insurance as Buyer may require as set forth in this Order or an attachment hereto.
  10. Limits required may be met by any combination of primary and umbrella/excess insurance.
  11. Any deductible or self-insured retention amount or other similar obligation under the policies shall be the sole responsibility of the Seller.
  12. The insurance required under this Order must be placed with insurers rated "A-" or better by A.M. Best Company, Inc.
  13. The duty to defend, indemnify, and hold harmless Buyer under this agreement shall not be limited by the insurance required in this Order.
- B. The insurance required in this Order shall include the following provisions:
1. Seller shall waive the insurer's rights of recovery and subrogation against Buyer;
  2. The insurance required in items 2,3,4 and 5 above shall name Buyer as an additional insured;
  3. Seller's insurance coverage shall be primary (i.e. pay first) as respects any insurance, self-insurance or self-retention maintained by Buyer and any insurance, self-insurance or self-retention maintained by Buyer shall be excess of Seller's insurance;
  4. Severability of interests wording in all policies and endorsements;
  5. The legal defense provided to Buyer under the policy and any endorsements must be free of any conflicts of interest, even if retention of separate legal counsel for Buyer is necessary;
  6. The insolvency or bankruptcy of the insured Seller shall not release the insurer from payment under the policy, even when such insolvency or bankruptcy prevents the insured Seller from meeting the retention limit under the policy.
- C. If requested, Seller shall provide a Certificate of Insurance to the Buyer's Authorized Representative evidencing Seller's compliance with these requirements. Seller shall also furnish renewed certificates upon request of Buyer's Authorized Representative.
29. **EXCUSABLE DELAY – FORCE MAJEURE**  
Except for a default of Seller's subcontractor at any tier, neither Buyer nor Seller shall be liable for any failure to perform due to any cause beyond its reasonable control and without its fault or negligence. Such causes include, but are not limited to: (1) acts of God or of the public enemy; (2) acts or failure of any government in either its sovereign or contractual capacity; (3) fires, floods, epidemics, terrorism, quarantine restrictions, strikes, freight embargoes, nuclear incident, or any other act or event beyond reasonable control and without the fault of either Party or its subcontractors. In the event that performance of this Order is hindered, delayed, threatened to be delayed, or adversely affected by causes of the type described above, then the Party whose performance is so affected shall immediately notify the other Party's Authorized Representative in writing, including all relevant information with respect thereof, and shall likewise notify promptly of any subsequent change in the circumstances, and at Buyer's sole option, this Order shall be completed with such adjustments to delivery schedule as are reasonably required by the existence of such cause or this Order may be terminated for convenience.
30. **LABOR DISPUTES**  
Whenever Seller has knowledge that any actual or potential labor dispute is delaying or threatens to delay timely performance of this Order, Seller shall immediately give notice to Buyer's Authorized Representative and provide all relevant information including, but not limited to, nature of dispute, labor organizations involved, contingency plans regarding the protection of Buyer's Order, and estimated duration. Seller shall also provide updated reports throughout the dispute duration. Seller agrees to insert the substance of this clause, including this sentence, in any lower-tier subcontract where a labor dispute might delay timely performance of this Order.
31. **COMPLIANCE WITH LAWS**  
A. Seller shall comply with all applicable federal, state, and local laws, rules, regulations, and ordinances.  
B. Environmental Health and Safety Performance and REACH Compliance. Seller represents, warrants and covenants that:
  1. Seller shall maintain environmental, health and safety management systems as appropriate to ensure compliance with applicable federal, state and local requirements. Seller further agrees to continuously promote a safe and healthy workplace and a sustainable environment related to water and air quality, water and energy conservation, greenhouse gas emission reductions, solid and hazardous waste reductions. Seller shall convey the requirement of this clause to its suppliers.
  2. Seller shall comply with any and all European Union (EU) Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) regulation obligations with respect to any of the Products delivered by Seller to Buyer under the terms of this Order.
  3. Seller must provide Buyer with a list of Substances contained in any of the Products that were included on the Candidate List published by ECHA. Thereafter, if a Substance is added to the Candidate List by ECHA, and that Substance is also contained in any Products, Seller must notify Buyer within fifteen (15) days following publication of the list.
  4. By accepting this Order, Seller recognizes and agrees that Buyer will thereafter act in reliance on Seller's acceptance of this Order as a contractual commitment that it is in compliance with EU REACH regulations, subject to the further provisions below.
  5. Should any Products contain Substances listed on the Candidate List that are above 0.1% on a weight by weight basis within that Product, Seller shall provide Buyer with so-called Safe-Use information, pursuant to the provisions of REACH Article 33 and



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shall maintain the REACH database for the life of this Order.

6. As indicated, Buyer will act in reliance on the statements and commitments Seller makes regarding the Candidate List status of each of the Substances contained in any of the Products. If Seller fails to comply with the provisions of this clause, Buyer may consider whether such failure constitutes a breach of this Order sufficient to warrant Termination for Default in accordance with the terms of this Order. Moreover, in the event failure to timely comply with these provisions results in a business interruption of Buyer's operations, Buyer will seek to recover the damages, including financial losses, it suffers as a consequence of such failure.
7. Seller is responsible for ensuring that the Products conform to and are compliant with the restrictions included in Annex XVII of the REACH Regulation and/or are otherwise authorized for use in accordance with Annex XIV of the REACH Regulation (in each case where relevant).

For purposes of this clause, the terms "Substance" and "Candidate List" shall have the same meaning as are given those terms in REACH and the list of substances currently on the candidate list can be found at <http://echa.europa.eu/web/guest/candidate-list-table>.

C. **Anti-Corruption Compliance.** Seller represents, warrants and covenants that:

1. It has not and will not, directly or indirectly, pay, promise, offer, or authorize the payment of any money or anything of value in connection with this Order to: (i) an officer, employee, agent or representative of any government, including any department, agency, or instrumentality thereof or any person acting in an official capacity thereof; (ii) a candidate for political office, any political party or any official of a political party; or (iii) any other person or entity while knowing or having reason to know that all or any portion of such payment or thing of value will be offered, given or promised, directly or indirectly, to any person or entity for the purpose of assisting Buyer in obtaining or retaining business, or an improper business advantage. Without limiting the generality of the foregoing, Seller shall not directly or indirectly, pay, promise, offer, or authorize the payment of any facilitating payment intended to expedite or secure performance of a routine governmental action, such as, customs clearance on behalf of Buyer.
2. No gifts, travel expenses, business courtesies, hospitalities or entertainment of any nature have been or will be accepted or made in connection with this Order where the intent of was, or is, to unlawfully influence the recipient of the gift, travel expense, business courtesy, hospitality or entertainment. Seller also represents that any gifts, travel expenses, business courtesies, hospitalities or entertainment offered or provided shall meet the following conditions:
  - i. be permitted under the U.S. Foreign Corrupt Practices Act (FCPA) and the laws and regulations of the country in which this Order will be performed;
  - ii. be consistent with applicable social and ethical standards and accepted business practices;
  - iii. be of such limited value as not to be deemed a bribe, payoff or any other form of improper inducement or payment; and
  - iv. be of such nature that its disclosure will not cause embarrassment for Buyer.
3. Buyer or its authorized representatives may, at any time, audit all pertinent books, records, work sites, offices, and documentation of Seller in order to verify compliance with this clause.
4. Breach of any of the foregoing provisions of subparagraphs C.1 through C.3. of this clause by Seller shall be considered an irreparable material breach of this Order and shall entitle Buyer to terminate this Order immediately without compensation to Seller.

D. Seller shall comply with the requirements of 41 CFR 60-1.4(a). This regulation applies to all Orders regardless of value of the Order, and Seller shall flow this clause to all lower tier suppliers. This regulation prohibits discrimination against all individuals based on their race, color, religion, sex, sexual orientation, gender identity, or national origin.

32. **EXPORT/IMPORT AND SANCTIONS COMPLIANCE**

A. **Export and Sanctions Compliance.**

General. Performance of this Order may involve the use of or access to articles, Technical Data or software that is subject to export controls under 22 United States Code 2751 – 2799aa-2 (Arms Export Control Act) and 22 C.F.R. 120-130 (International Traffic in Arms Regulations or "ITAR") or 50 United States Code 4801 – 4826 (Export Control Reform of 2018), 15 C.F.R. 730-774 (Export Administration Regulations), 50 United States Code 1701-1708, (International Emergency Economic Powers Act, as amended), and their successor and supplemental laws and regulations, or may implicate U.S. sanctions laws and regulations, including those administered by the U.S. Department of Treasury Office of Foreign Assets Control in 31 C.F.R. 500-599, and their successor and supplemental laws and regulations (collectively hereinafter referred to as the "Export and Sanctions Laws and Regulations"). Seller shall comply with any and all Export and Sanctions Laws and Regulations, and any authorization(s) issued thereunder.

1. **Registration.** If Seller is a U.S. entity and is engaged in the business of either exporting or manufacturing (whether exporting or not) Defense Articles or furnishing Defense Services, Seller represents that it shall maintain an active registration with the U.S. Department of State's Directorate of Defense Trade Controls, as required by the ITAR, throughout the performance of this Order, and that it maintains an effective export and import compliance program in accordance with the ITAR.
2. Seller shall not re-transfer any export-controlled articles or information (e.g. Technical Data or software) to any other non-U.S. person or entity (including Seller's dual and/or third-country national employees) without first complying with all the requirements of the applicable Export and Sanctions Laws and Regulations. Prior to any proposed re-transfer, Seller shall first obtain the written consent of Buyer. No consent granted by Buyer in response to Seller's request shall relieve Seller of its obligations to comply with the provisions of paragraph A. of this clause or the Export and Sanctions Laws and Regulations, nor shall any such consent constitute a waiver of the requirements of paragraph A. hereinabove, nor constitute consent for Seller to violate any provision of the Export and Sanctions Laws and Regulations.

B. **Political Contributions, Fees and Commissions.**

If this Order is valued in an amount of \$500,000 or more, then in performance of this Order, Seller shall not directly or indirectly pay, offer or agree to pay any political contributions or any fees or commissions, in each case as defined below.

1. For purposes of this clause and pursuant to 22 C.F.R. 130.6, "political contribution" means any loan, gift, donation or other payment of \$1,000 or more made, or offered or agreed to be made, directly or indirectly, whether in cash or in kind, which is:
  - a. To or for the benefit of, or at the direction of, any non-U.S. candidate, committee, political party, political faction, or government or governmental subdivision, or any individual elected, appointed or otherwise designated as an employee or officer thereof; and
  - b. For the solicitation or promotion or otherwise to secure the conclusion of a sale of Defense Articles or Defense Services to or for the use of the armed forces of a non-U.S. country or international organization. Taxes, customs duties, license fees, and other charges required to be paid by applicable law or regulation are not regarded as political contributions.
2. For purposes of this clause and pursuant to 22 C.F.R. 130.5, "fee or commission" means any loan, gift, donation or other payment of \$1,000 or more made, or offered or agreed to be made directly or indirectly, whether in cash or in kind, and whether or not pursuant to a written contract, which is:

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- a. To or at the direction of any person, irrespective of nationality, whether or not employed by or affiliated with Seller; and
- b. For the solicitation or promotion or otherwise to secure the conclusion of a sale of Defense Articles or Defense Services to or for the use of the armed forces of a non-U.S. country or international organization.

Seller agrees to provide prompt notification to Buyer's Authorized Representative should any offer, agreement or payment of political contributions, fees or commissions (as defined herein and pursuant to this Order) be made in contravention of the prohibition in this Section B.

C. **Export Jurisdiction/Classification.**

Seller shall provide the applicable Export Control Classification Number ("ECCN") or ITAR categorization for all Products furnished by Seller to Buyer, except when Seller is manufacturing to Buyer's design. If Seller is not the original equipment manufacturer, Seller shall obtain the ECCN or ITAR classification information from its source of supply. Seller will include the ECCN or ITAR designation on its packing slips and shipping documentation and also provide to Buyer on Buyer's request.

D. **Import Compliance.**

Seller shall comply with all U.S. Customs and Border Protection laws and regulations (e.g., 19 C.F.R.) and all other applicable U.S.G. regulations pertaining to importations of Products and materials into the United States under this Order. Seller shall assume all U.S. import responsibilities, to include designation as U.S. Importer of Record, Customs clearance, duty, permits, licenses, taxes, and fees for Products entering into the United States under this Order. Unless otherwise agreed in writing, Buyer will not assume any import liabilities for Products and materials procured through this Order. Seller shall obtain the written consent of Buyer prior to causing Products to be shipped directly (i.e., "drop shipped") from the premises of any non-U.S. supplier to Buyer's facility.

**33. NOTIFICATION OF STATUS CHANGES**

A. By accepting this Order, Seller certifies that all Seller qualification and business information, representations and certifications applicable to this Order remain valid. If Seller's status under any of the applicable representations and certifications has changed, Seller must complete and submit to Buyer's Authorized Representative revised representations and certifications prior to taking any action indicating acceptance as stated on the face of this Order.

B. Seller agrees to provide prompt notification to Buyer's Authorized Representative of any event or change in circumstances that could affect Seller's performance under this Order such as ineligibility to contract with U.S.G., debarment, assignment of consent agreement, designation under U.S. or foreign sanctions laws and regulations, expiration or cancellation of ITAR registration, potential violation of Export and Sanctions Laws and Regulations (or authorizations issued thereunder), initiation or existence of a U.S.G. investigation, change in place of performance, decrease in manufacturing capacity, diminishing manufacturing sources or material shortages, increase in production requirements, labor reductions, financial or organizational conflicts of interest, and significant financial conditions requiring any of the preceding changes.

C. Sellers that have provided anti-corruption compliance due diligence information (e.g., related to Seller's ownership and personnel, subsidiaries and third parties, including but not limited to Buyer's due diligence questionnaire, and related certifications) to a Buyer representative or through Buyer's *Global Trust* website shall provide Buyer with prompt notification and details of any changes to its owners, officers, directors or other information contained in such due diligence materials, and agrees to promptly cooperate with Buyer and provide additional information reasonably requested related to such changed information. In the event of a material change to the owners, offices, directors or other information contained in the due diligence material supplied to Buyer, Buyer reserves the right to suspend performance under this Order by providing written notice to Seller in order for Buyer to conduct anti-corruption due diligence upon such changed circumstances.

D. Seller shall notify Buyer of any proposed change in Control within thirty (30) days prior to such event. The notice shall describe in reasonable detail the proposed transaction structure and any proposed changes to management, operations, domicile, key locations, the board of directors and/or ownership (along with a commitment to cooperate with Buyer and provide additional information reasonably requested related to such proposed change in Control). Seller shall not effect a change in Control without prior, written consent from Buyer, such consent not to be unreasonably withheld. For purposes of this Order, "Control" means the power, directly or indirectly, to (a) vote more than fifty percent of the securities that have ordinary voting power for the election of Seller's directors; or (b) direct, or cause the direction of, the management and policies of Seller whether by voting power, contract, or otherwise. If a Person or Entity obtains "Control" by acquiring more than fifty percent of the securities that have ordinary voting power for the election of Seller's directors, that acquisition may be accomplished by one or multiple transfers. For purposes of this Order, "Person or Entity" means a natural person, corporation, limited partnership, general partnership, limited liability company, limited liability partnership, joint stock company, joint venture, association, company, trust, or other organization, whether or not a legal entity, and a government or agency or political subdivision of that entity.

E. Seller shall provide written notification to Buyer prior to making any changes to Seller's tooling, facilities, materials, or processes, and/or shall provide written notification to Buyer upon becoming aware of any such changes by Seller's Subcontractors at any tier, that could affect Seller's performance under this Order. This requirement includes changes to fabrication, assembly, handling, inspection, Acceptance, testing, manufacturing location, parts, materials, or suppliers. Seller shall notify Buyer of any pending or contemplated future action to discontinue Products purchased pursuant to this Order and shall allow Buyer to submit a forecast of expected annual usage prior to Seller finalizing its decision to discontinue the Products. Seller shall provide Buyer with a "Last Time Buy Notice" at least twelve (12) months prior to the actual discontinuance. Seller shall extend opportunities to Buyer to place last time buys of such Products with deliveries not to exceed one hundred eighty (180) days after the last time buy date. Seller shall flow down to Subcontractor(s) the requirements of this Clause and all other applicable flow down provisions.

F. Failure to provide the notice under this clause shall be deemed a material breach of this Order.

**34. PROHIBITED ACTIVITIES AND CONTACTS**

A. **Activity Prohibitions.** For Sellers delivering Products or performing Services outside of the U.S., unless specifically authorized in writing by Buyer, Seller shall not engage in any of the following activities on behalf of Buyer under this Order: acting as an agent of Buyer; marketing or sales promotion; lobbying; freight forwarding; consulting services; performing offset (industrial participation) consulting or brokering services; acting as a distributor or reseller; or activity as a joint venture party.

B. **Contact Prohibitions.** For Sellers delivering Products or performing Services outside of the U.S., unless specifically authorized in writing by Buyer, Seller shall not contact, either directly or indirectly, public officials of any country other than the U.S., United Kingdom, Canada, Australia, Belgium, Denmark, Netherlands, New Zealand, Norway, Sweden, Germany, France, or Italy in furtherance of its performance on behalf of Buyer under this Order.

C. **Prohibition Against Providing Certain Telecommunications and Video Surveillance Services or Equipment**

1. Definitions. As used in this clause—

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- i. "Covered Article" means any Product or Service that—
  - a. Is produced by a Covered Entity;
  - b. Includes any product or service produced in whole or in part by a Covered Entity; or
  - c. Contains components using any product produced in whole or in part by a Covered Entity.
- ii. "Covered Entity" means—
  - a. Huawei Technologies Company, ZTE Corporation, Hytera Communications Corporation, Hangzhou Hikvision Digital Technology Company, or Dahua Technology Company (or any subsidiary or affiliate of such entities);
  - b. Any entity designated in accordance with Section 889(f)(3)(D) of the National Defense Authorization Act of 2019; and
  - c. Any successor entity to any or all of these entities;
2. Prohibition. The Seller shall not deliver any Covered Article to Buyer under this Order.
3. Reporting requirement.

In the event, notwithstanding the above prohibition, that the Seller subsequently determines that a Covered Article was provided to the Buyer during performance of this Order, or the Seller is notified of such by a supplier at any tier or any other source of the same, the Seller shall immediately notify the Buyer, in writing, and include the following information: supplier name; brand; model number (Original Equipment Manufacturer (OEM) number, manufacturer part number, or wholesaler number); item description; and any readily available information about mitigation actions undertaken or recommended.

Within 10 business days of submitting such notification, Seller shall provide any further available information about mitigation actions undertaken or recommended, including the efforts it undertook to prevent use or submission of a Covered Article, any reasons that led to the use or submission of the Covered Article, and any additional efforts that will be incorporated to prevent future use or submission of the Covered Article(s).
4. Breach of any of the foregoing provisions of subparagraphs 1-3 of this clause by Seller shall be considered an irreparable material breach of this Order and shall entitle Buyer to terminate this Order immediately without compensation to Seller.
5. Subcontracts. Seller shall insert the substance of this clause, including this paragraph 4, in any lower tier subcontract.
35. **RELEASE OF INFORMATION AND ADVERTISING**
  - A. Except as required by law, Seller shall not release to anyone outside Seller's organization any information, or confirmation or denial of same, with respect to this Order or the subject matter hereof without the prior written approval of Buyer. Requests for approval shall be made at least fifteen (15) days before the proposed date for release and shall identify the specific information to be released, the medium to be used, and the purpose for the release. Additionally, Seller shall not use the name "Northrop Grumman" or any other Buyer trade name, any Products, parts thereof or replicas of Products, or in any other way identify Buyer in any advertisement, display, news release, or other disclosure without Buyer's prior written consent. The Parties agree that in the event a news release is so approved and made, such news will recognize Buyer and Seller.
  - B. The Seller agrees to insert the substance of this clause, including this sentence, in any lower tier subcontract. Seller shall submit requests for authorization to the Buyer.
36. **PARTIAL INVALIDITY, NONWAIVER, REMEDIES**
  - A. If any provision in this Order is or becomes void or unenforceable by force or operation of law, or is deemed invalid, the void, unenforceable or invalid portion shall be severable, and the remaining terms and conditions shall remain in full force and effect.
  - B. A Party's failure at any time to enforce any provision of this Order shall not constitute a waiver of the provision or prejudice a Party's right to enforce that provision at any subsequent time.
  - C. Each of the rights and remedies reserved by Buyer in this Order shall be cumulative and additional to any other or further remedies provided in law or equity or in this Order.
37. **RELATIONSHIP OF THE PARTIES**

The relationship of Seller to Buyer shall be that of an independent contractor and nothing herein contained shall be construed as creating any employer/employee, agency, or other relationship of any kind. Seller's employees, agents and/or representatives (hereinafter "Employees") performing under this Order shall at all times be under Seller's direction and control and Seller shall so inform them. Seller shall pay all wages, salaries, and other amounts due its Employees in connection with this Order and shall be responsible for all reports and obligations for its Employees, including, but not limited to, social security and income tax withholdings, unemployment compensation, worker's compensation, and equal employment opportunity reporting. Under no circumstance shall Seller be deemed an agent or representative of Buyer or authorized to commit Buyer in any way.
38. **ANTI-TRAFFICKING IN PERSONS**
  - A. Seller is prohibited from engaging in activities that support or promote trafficking in persons, including, but not limited to, any of the following:
    1. Trafficking in persons, including, but not limited to the following:
      - a. sex trafficking; or
      - b. the recruitment, harboring, transportation, provision, or obtaining of a person for labor or services through the use of force, fraud, or coercion for the purpose of subjection to involuntary servitude, debt bondage, or slavery.
    2. The procurement of a commercial sex act;
    3. The use of forced labor in the performance of company business;
    4. The use of misleading or fraudulent recruitment activities;
    5. Charging employees recruitment fees;
    6. Failing to pay for the return transportation at the end of employment for an employee who is not a national of the country in which the work is taking place and who was brought into that country for the purpose of working;
    7. Providing or arranging housing that fails to meet the host country housing and safety standards; or
    8. If required, failing to provide an employment contract, recruitment agreement, or similar work document in writing, in the individual's native language and prior to the individual departing from his or her country of origin.
  - B. Seller represents and warrants that it shall abide by and comply with the requirements of this clause. Further, Seller shall require its employees, agents, contract labor and subcontractors to abide by and comply with the requirements of this clause.
  - C. Buyer or its Authorized Representatives may, at any time, audit all pertinent books, records, work sites, offices, and documentation of Seller in order to verify compliance with this clause. Seller will, in all of its lower-tier subcontracts and contracts relating to this or any other Buyer Order with Seller, include provisions which secure for Buyer all of the rights and protections provided for within this clause.
  - D. Seller acknowledges that if Seller or any of its employees, agents, or contract labor engages in any of the prohibited activities in this clause, this Order is subject to termination.

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- E. Whenever Seller has knowledge, whether substantiated or not, that any actual or suspected violation of this clause has occurred, Seller shall immediately give written notice to Buyer's Authorized Representative and provide all relevant information including, but not limited to, the nature of the actual or suspected violation.
- F. Seller shall provide its full cooperation during any subsequent investigation of the actual or suspected violation by Buyer, Buyer's representative, or cognizant government agency. Seller's cooperation shall include, but not be limited to, permitting inspection of its work sites, offices, and documentation, as necessary to support any investigation.
- G. Seller agrees to insert the substance of this clause, including this sentence, in any lower-tier subcontract.
39. **FACILITY SECURITY AND SAFETY**
- A. If this Order requires Seller's personnel, including its employees and subcontractors ("Seller Engaged Personnel"), to enter premises which are owned, operated or managed by Buyer or its customer, Seller shall (1) comply with all safety rules and requirements as may be prescribed by Buyer or Buyer's customer, as well as the laws of the State where such premises are located; and (2) take such additional precautions as Buyer may reasonably require for safety and accident prevention purposes, including safety training. Seller agrees to take all reasonable steps and precautions to prevent accidents and preserve the life and health of Seller, US Government, and Buyer personnel performing or in any way coming in contact with Seller's performance of this Order. Any violation of such rules and requirements, unless promptly corrected as directed by Buyer, shall be grounds for termination of this Order in accordance with the Termination for Default clause herein. Seller Engaged Personnel, including delivery personnel, may not bring firearms, cameras, alcohol, illegal drugs, or unauthorized passengers onto any Buyer premises, nor bring matches or lighters into Buyer secured areas. Seller Engaged Personnel may not enter areas or perform any work where explosives or other serious hazards are present without Buyer's advanced written approval.
- B. Seller is responsible for ensuring that Seller Engaged Personnel entering premises which are owned, operated or managed by Buyer or its customer (1) are properly badged and made aware of applicable security requirements, and (2) at all times display identification badges approved by Buyer. Seller is required to notify Buyer whenever it terminates any Seller Engaged Personnel issued a badge by Buyer, a Buyer badge is lost, or if a problem arises involving Buyer's security requirements. Seller Engaged Personnel obtaining a badge must be capable of reading and understanding Buyer's processes and procedures relevant to duties that Seller Engaged Personnel is to perform on Buyer's premises.
40. **STOP WORK ORDER**
- A. Buyer may, at any time, by written notification to Seller, require Seller to stop all, or any part of the work called for by this Order for a period of ninety (90) days after the written notification is delivered to Seller, and for any further period to which the Parties may agree. The notification shall be specifically identified as a Stop-Work Order (SWO) issued under this clause. Upon receipt of the SWO, Seller shall immediately comply with its terms and take all reasonable steps to minimize the incurrence of costs allocable to the work covered by the SWO during the period of work stoppage. Within a period of ninety (90) days after a SWO is delivered to Seller, or within any extension of that period to which the Parties shall have agreed, Buyer shall either (1) cancel the SWO; or (2) terminate the work covered by the SWO as provided for in the applicable "Termination for Convenience" clause contained herein.
- B. If a SWO issued under this clause is canceled or the period of that SWO or any extension thereof expires, Seller shall resume work. Buyer shall make an equitable adjustment in the delivery schedule or Order price, or both, and this Order shall be modified in writing accordingly if (1) the SWO results in an increase in the time required for, or in Seller's cost properly allocable to, the performance of any part of this Order; and (2) Seller asserts its rights to the adjustment within twenty (20) days after the end of the period of work stoppage.
- C. If a SWO is not canceled and the work covered by the SWO is terminated for the convenience of Buyer, Buyer shall allow reasonable costs resulting from the SWO in arriving at the termination settlement. If a SWO is not canceled and the work covered by the order is terminated for default, Buyer shall allow, by equitable adjustment or otherwise, reasonable costs resulting from the SWO.
41. **SUSPECT/COUNTERFEIT PARTS**
- A. This clause is applicable to all Orders. If DFARS 252.246-7007 and DFARS 252.246-7008 are also applicable to this Order, the provisions of paragraphs (a) – (e) of DFARS 252.246-7007, including its definition of "electronic parts," are incorporated in this paragraph by reference and "Contracting Officer" shall mean "Buyer". Seller shall establish and maintain a material authenticity process that ensures the requirements of these clauses or other authenticity requirements in this Order are met. Seller's obligation to substantiate authenticity shall survive Acceptance of and payment for Products delivered under this Order.
- B. Seller shall not furnish suspect counterfeit or counterfeit parts to Buyer under this Order. All material delivered under this Order shall be authentic and traceable to the original manufacturer. Seller shall provide authenticity and traceability records to Buyer upon request. Electronic parts shall not be acquired from brokers unless approved in advance in writing by Buyer. Seller shall immediately notify Buyer if Seller cannot provide parts, components, and/or assemblies traceable to the original component manufacturer or the original equipment manufacturer. Upon receipt of such notification, Buyer reserves the right to terminate this Order at no cost to Buyer or require specific material validation test and inspection protocol requirements to Seller.
- C. If suspect counterfeit or counterfeit parts are furnished under this Order and are found in any of the Products delivered hereunder, such items will be impounded by Buyer. Seller shall promptly replace such suspect/counterfeit parts with parts acceptable to the Buyer. Seller shall be liable for all costs relating to the removal and replacement of said parts, including without limitation Buyer's external and internal costs of removing such suspect/counterfeit parts, of reinserting replacement parts and of any testing or validation necessitated by the reinstallation of Seller's Products after suspect/counterfeit parts have been exchanged. Buyer's remedies described herein shall not be limited by any other clause agreed upon between Buyer and Seller in this Order and are in addition to any remedies Buyer may have at law, equity or otherwise under this Order. At Buyer's request, Seller shall return any removed suspect counterfeit or counterfeit parts to Buyer in order that Buyer may turn such parts over to its U.S.G. customer for further investigation. For purposes of this clause, Seller agrees that any U.S.G. directive/information or GIDEP alert, indicating that such parts are suspect counterfeit or counterfeit, shall be deemed definitive evidence that Seller's Products contain suspect counterfeit or counterfeit parts.
- D. Seller agrees to insert the substance of this clause, including this sentence, in any lower tier subcontract.
42. **DIVESTITURES MERGERS and ACQUISITIONS**
- A. Upon Buyer's divestiture of any affiliate, division, business unit, line of business or sector ("divested entity"), Buyer may assign in whole or in part the Products and/or Services that are the subject of this order to that divested entity. Upon execution of an assignment, Buyer shall have no further rights or obligations with respect to the assigned services (with the exception of any unpaid service fees which remain due on the effective date of such assignment) and the divested entity shall become the "customer" of record for those assigned Products/Services.
- B. Divested entities will have the right, for a period of twelve (12) months post-divestiture, to continue to purchase the Products and/or Services covered under this Order, or Buyer may purchase such Products and/or Services under this Order on behalf of the divested entities.
- C. Buyer may access and use the Products and/or Services under this Order to provide transitional Services to the divested entity, including transitional access and use of the Products and/or Services by the divested entity, during the transition period at no additional charge (i.e., no

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- charge other than fees otherwise due to supplier under the Order as if the divested entity were a part of Buyer) provided that Buyer is and remains current on the payment of all fees due to supplier under this Order. If applicable, Buyer shall assign software licenses to the divested entity once the transition period ceases.
- D. Buyer shall have the unrestricted right to transfer the software license(s) to its parent and/or any subsidiary or affiliate of Buyer upon written notification to Seller/licensor of such transfer without payment of additional costs or fees.
- E. If Buyer merges with or acquires any affiliate, division, entity, business unit, line of business or sector ("merged entity") that has a pre-existing agreement with Seller at lower pricing than incorporated in this Order, the Parties shall amend this Order to incorporate such lower pricing.
- F. If Buyer merges with or acquires a merged entity that has a need for Seller's Products and/or Services, both Buyer and merged entity will be permitted to make purchases using this Order, including its pricing, in support of the merged entity.
43. **COMPLETE AGREEMENT**  
This Order together with all attachments, exhibits, and other items specifically referenced in or attached to this Order is the Parties' final expression of their agreement and is the complete and exclusive statement of all terms and conditions of agreement. This Order supersedes and cancels all prior understandings, proposals, communications, whether oral or written, and agreements between the Parties, whether such understandings, proposals, communications, and agreements were written or oral, concerning the matters addressed in this Order. No course of prior dealings between the Parties, and no usage of trade, shall be relevant to supplement or explain any term used in this Order. The descriptive headings contained in this Order are for convenience of reference only and in no way define, limit or describe the scope or intent of this Order.
44. **STANDARDS OF BUSINESS CONDUCT FOR SUPPLIERS AND OTHER TRADING PARTNERS**  
Seller shall comply with the Northrop Grumman Standards of Business Conduct For Suppliers and Other Trading Partners (available at <http://www2.northropgrumman.com/suppliers/Pages/SSBC.aspx>) (the "Northrop Grumman Supplier Code"). Seller shall ensure that its employees are aware of their contribution to Product or Service conformity, their contribution to Product safety, and the importance of ethical behavior. Seller represents and warrants that it has not participated, and will not participate, in any conduct that violates the Northrop Grumman Supplier Code. Seller shall notify Buyer if at any time Seller becomes aware of any actual or suspected violation of the Northrop Grumman Supplier Code. If Buyer determines that Seller is in violation of the Northrop Grumman Supplier Code, Buyer may cancel this Order upon written notice to Seller and Buyer shall have no further obligation to Seller.
45. **RESPONSE TO AUDIT**  
Buyer shall not be prohibited from providing copies of this Order, including any other document incorporated into this Order, to federal, state or other regulatory agencies as requested by either Buyer's or government auditors to comply with auditing procedures.
46. **DELIVERY, TITLE, SOURCING**  
A. All Parties expressly agree that time is and shall remain a material element of this Order and no acts of Buyer, including without limitation, modifications to this Order or Acceptance of late deliveries, shall constitute a waiver of this provision.  
B. Title free of liens or encumbrances shall pass to Buyer upon Acceptance (except as otherwise specified within this Order); however, passing of title shall not relieve Seller of any other obligations under this Order.  
C. All deliveries shall be strictly in accordance with the applicable quantities and schedules set forth in this Order. Buyer reserves the right to (i) return over shipments and early shipments at Seller's expense, (ii) have payment therefore withheld by Buyer until the date that Products or Services are actually scheduled for delivery, or (iii) be placed in storage, for which Seller shall be liable for the cost, until the delivery date specified herein. Unless otherwise provided in this Order, delivery in whole or part shall not be made more than ten (10) days prior to required delivery dates.  
D. Whenever it appears Seller will not meet the delivery schedule, Seller shall immediately notify Buyer of the reason and estimated length of the delay. If Seller's delivery shall fail to meet the delivery schedule, Buyer, without limiting its other rights or remedies, may direct expedited routing, and any excess cost incurred thereby shall be debited to Seller's account.  
E. If Seller is unable to meet the required delivery schedules for any reason, other than a change directed by Buyer, Buyer shall have the option to (1) terminate this Order, or (2) fill such Order or any portion thereof, from sources other than Seller and to reduce Seller's Order quantities accordingly at no increase in unit price, without any penalty to Buyer, or (3) Accept late delivery and recover from Seller any costs Buyer incurs caused by the late delivery. This condition shall not limit Buyer's other rights and remedies Buyer may otherwise have under this Order or applicable law.  
F. If Seller intends to source or ship direct from outside of the U.S. to Buyer then, in addition to complying with all applicable Export Regulations, Seller shall provide the name, country and contact information of the non-U.S. sources within ten (10) days after Order acceptance. Seller proposed sources outside of the U.S. must have a reputation for honesty and a company policy prohibiting bribes and facilitating payments intended to expedite or secure performance of a routine governmental action, such as, customs clearance. Buyer retains the right to deny Seller's use of Seller proposed sources within thirty (30) days of Seller notification. Seller shall ensure that Buyer's purchase does not transit through one of the proscribed countries listed in U.S. ITAR, 22 C.F.R. 126.1.
47. **PACKAGING, PACKING, MARKING**  
A. Seller shall be responsible for ensuring the proper packaging, packing, and marking of Product(s) delivered hereunder in accordance with this Order. Packaging, packing, and marking will conform to the instructions specified or provided by Buyer. Seller must assure package integrity throughout the shipping cycle. Each package and pack shall provide physical, chemical, and cleanliness protection to prevent damage or deterioration of the Product during handling, shipment and storage under anticipated environmental conditions. All materials, fabrication techniques and workmanship shall conform to the requirements specified herein or, if not specified, otherwise meet or exceed good commercial quality and practice. Damage resulting from improper Product packaging will be charged to Seller. Seller must comply with all applicable carrier regulations, including National Motor Freight Classification and Department of Transportation Regulations. No extra charge for packaging or insurance shall be allowed unless specifically noted herein. Products received without proper packaging, packing, marking and/or bar coding as set forth herein may be rejected by Buyer and returned to Seller at Seller's expense.  
B. All goods shall be prepared (cleaned, preserved, etc.) and packed per Military Standard Packaging, when required, or best commercial practice for export shipment in a manner to comply with carrier regulations and to prevent damage or deterioration during handling, shipment and indoor storage for up to ninety (90) days at destination. Wood Packaging Materials must meet International Standards for Phytosanitary Measures (ISPM) No. 15. If requested, Seller shall submit two (2) copies of its proposed packaging procedure and packing design to Buyer for review not less than sixty (60) days prior to the fabrication of the container required for first shipment, and shall prepare and package in accordance with said procedure and design.
48. **SHIPPING AND TRANSPORTATION**  
Unless otherwise noted on this Order, when shipping F.O.B. Shipping Point (Seller's Dock), Seller shall utilize Buyer's authorized carrier, and will refer to the Buyer's Carrier Routing Instructions documented on the Online Automated Supplier Information System (OASIS) website

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located at <http://www2.northropgrumman.com/suppliers/Pages/Shipping.aspx> for shipping and transportation information. Buyer reserves the right to debit Seller's account for excessive charges relating to Seller's failure to comply with routing instructions identified on the OASIS website.

49. **INSPECTION**

- A. Buyer and its customer may inspect and test material, work in progress, Products and/or Services at all times and places during manufacture and otherwise. No inspection (including source inspection), test, approval (including design approval), or Acceptance of Products or Services, or failure to inspect and Accept or reject Products or Services, shall relieve Seller from responsibility for any defects or other failure to meet the requirements of this Order, or for latent defects, fraud, such gross mistakes that amount to fraud, or Seller's warranty obligations, nor impose liability on Buyer.
- B. Seller shall not substitute materials or accessories, even if Seller believes they are of superior quality, without written consent of Buyer.
- C. Unless otherwise stated in Buyer's specifications, the latest revision of applicable standards, specifications, or similar documents as of the date of this Order shall apply. If the Products are specifically manufactured for Buyer in accordance with drawings, designs, or specifications furnished by Buyer:
  - (1) Seller shall provide and maintain an inspection and quality control system acceptable to Buyer and provide access to Seller's facilities and applicable documented information including all lower-tier subcontractors' facilities used in performance of this Order at all reasonable times, and without additional charge, for inspection by Buyer's agents, employees, Buyer's Customer and any applicable regulatory authority, and shall provide all tools, facilities, and assistance reasonably necessary for inspection relating to the performance of this Order; and (2) Seller shall maintain adequate and authenticated inspection and test documents which relate to work performed under this Order for a period of three (3) years after completion of this Order or as otherwise specified in this Order, and shall make such records available to Buyer upon request; (3) Seller shall supply Buyer with inspection and test reports, affidavits, certifications, technical documents generated or related to this Order, or any other documents as may reasonably be requested by Buyer; (4) Seller shall notify Buyer's Authorized Representative in writing of any changes in Product and/or process definition and obtain Buyer's written approval prior to proceeding; and (5) Seller agrees to insert the substance of this clause, including this sentence, in any lower-tier subcontract.
- D. Final inspection and Acceptance by Buyer shall be at point of receipt by Buyer, unless otherwise specified in this Order.

50. **OFFSET COMMITMENT (This clause shall only apply to Orders in excess of \$50,000.00)**

- A. Definition: "Offset" means the obligations that Buyer undertakes, in order to market or sell its Products, to assist a customer country in reducing any trade imbalance caused by its purchase of Buyer's Products or to meet other customer country national objectives.
- B. Notwithstanding that this Order is or is not made in direct support of a foreign sale, Seller agrees that it is obligated to support Buyer's Offset commitments as a condition of this Order.
- C. The Offset credits arising out of or resulting from, directly or indirectly, this Order are for the exclusive use of Buyer and may be used by Buyer and any of its affiliates and subsidiaries to fulfill all past, present and future Offset obligations. Seller shall provide all information and assistance to Buyer that Buyer may reasonably request in support of Buyer's efforts to secure Offset credits relating to this Order. In addition, Seller agrees to identify and retain for Buyer's use any rights to Offset credits generated by its suppliers and subcontractors arising out of or resulting from this Order.
- D. Seller shall provide a copy of each purchase order or subcontract placed with a non-U.S. source under this Order in support of Buyer's rights to Offset credit.
- E. Seller shall execute all necessary documents to evidence Buyer's right to use or assign any Offset credits.
- F. Buyer reserves the right to assign Offset credits generated through Seller's efforts under this Order to third parties.
- G. Seller agrees to insert the substance of this clause, including this sentence, in any lower-tier subcontract.

51. **CUSTOMS TRADE PARTNERSHIP AGAINST TERRORISM (CTPAT) PROGRAM**

- A. Buyer supports the U.S. Customs and Border Protection (CBP) in the CTPAT program. This program is designed to protect the supply chain from the introduction of terrorist contraband (weapons, explosives, biological, nuclear or chemical agents, etc.) in shipments to Buyer originating from off-shore of the U.S., or in drop shipments to Seller's sub-tier suppliers, Buyer's customers or other subcontractors originating from off-shore of the U.S. Seller shipments through U.S. importers, from manufacturers in foreign countries, and brokers/freight forwarders/carriers must be with transportation companies that are CTPAT validated by the U.S. Customs Service. In addition, Seller agrees to take such reasonable measures as may be required by Buyer to ensure the physical integrity and security of all shipments under this Order against the unauthorized introduction of harmful or dangerous materials, drugs, contraband, weapons or weapons of mass destruction or introduction of unauthorized personnel in transportation conveyances or containers. Such measures may include, but are not limited to, physical security of manufacturing, packing and shipping areas, restrictions on access of unauthorized personnel to such areas; personnel screening to the maximum limits of law or regulations in Seller's or manufacturer's country; and development, implementation and maintenance of procedures to protect the security and integrity of all shipments. Seller shall contact Buyer's Authorized Representative for assistance in identifying transportation companies that are validated under the CTPAT program. Information about CTPAT can be found at [www.cbp.gov](http://www.cbp.gov).
- B. Ocean/Land Container Shipments. Seller agrees to ensure the physical integrity and security of all ocean/land containers under this Order against the unauthorized introduction of harmful or dangerous materials, drugs, contraband, or weapons (including Weapons of mass destruction), or introduction of unauthorized personnel in transportation conveyances or containers. Seller's security measures must include, but are not limited to, physical security of manufacturing, packing and shipping areas, restrictions on access of unauthorized personnel to such areas. Staged ocean and land containers must be secured from unauthorized access, and the immediate surrounding areas must be inspected on a regular basis to ensure these areas remain free of visible pest contamination. Seller acknowledges that ocean and land border container shipments made under this Order must be with certified and validated transportation providers participating in their country's respective trade security program (Authorized Economic Operator, Partnership in Protection, Trusted Trader, CTPAT, or equivalent). Seller shall use International Standard Organization (ISO) 17712 high security seals and have written procedures that document and control access, distribution, controls in transit, and destruction of ISO 17712 seals. Transportation providers must notify the Buyer of the date, time, location, and reason any seal in transit is broken/replaced. Upon notification, Buyer, or its designee, may audit all pertinent records relating to the above and identify procedures in order to verify compliance with the requirements of this provision. Seller acknowledges that it has reviewed its supply chain security procedures and contractual terms with its transportation providers and by acceptance of this Order Seller certifies that its security procedures and transportation provider's contractual terms adhere to this clause and are in accordance with trade security requirements of its respective country.

52. **CONFLICT MINERALS**

If Seller is providing Products to Buyer under this Order, Seller shall use commercially reasonable efforts to:

- A. identify whether such Products contain tin, tantalum, gold or tungsten;

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- B. determine whether any such minerals originated in covered countries, as defined in Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Act"); and
- C. perform appropriate due diligence on its supply chain in support of Buyer's obligations under the Act.

In addition, Seller shall, as soon as reasonably practicable following the completion of the calendar year, provide a completed Conflict Minerals Reporting Template, using the form found at <http://www.responsiblemineralsinitiative.org/conflict-minerals-reporting-template/>. If requested, Seller will promptly provide information or representations that Buyer reasonably believes are required to meet Buyer's conflict minerals compliance obligations.

**53. DISPOSAL OF PRODUCTS**

Upon completion or termination of this Order and as directed by Buyer, any excess Products, or parts thereof, shall be delivered free of charge to Buyer at the designated delivery point at Seller's risk and expense or destroyed and the destruction certified by Seller. Seller shall not sell, or otherwise dispose of as scrap or otherwise, any completed or partially completed or defective Products without defacing or rendering such Products unsuitable for use.

**54. RESIDENT REPRESENTATIVES**

Buyer reserves the right to assign representatives on an itinerant or resident basis at Seller's facilities or those of lower-tier subcontractors for the purpose of maintaining surveillance activities, including the right to witness any or all tests performed as part of the requirements of this Order. Seller shall provide Buyer's representatives with reasonable facilities and equipment, and unescorted free access to all areas essential to the proper conduct of the aforementioned activity throughout all phases of engineering, manufacturing, testing, packaging and shipping. In addition, Seller agrees to make available to Buyer's representatives pertinent planning, status, and forecast information and such other technical and management reporting as may be necessary for Buyer's representatives to carry out their responsibilities.

**55. SELLER'S EMPLOYEES**

- A. Employees of Seller who perform Services under this Order shall be citizens of the U.S., its possessions or territories, or lawful permanent residents as defined by 8 U.S.C. 1101(a)(20), or protected individuals as defined by 8 U.S.C. 1324b(a)(3). Seller shall provide certification of compliance upon Buyer request. Seller shall promptly notify Buyer of any changes to the certification. Failure to provide the certification, or notice of changes, may result in termination of this Order for default.
- B. Seller represents and warrants that Seller is an expert, fully competent in all phases of the work involved in producing and supporting all Products and performing all Services purchased under this Order. Buyer may require Seller to remove from Buyer's or Buyer's customer's premises any employee, agent, or representative of Seller, or any of its subcontractors and Buyer shall have the right to request and have replaced any personnel who fail to perform to Buyer's satisfaction.

**56. PRIVACY - PROCESSING OF PERSONAL INFORMATION (Applicable Only to the Processing of Personal Information)**

**A. Definitions**

1. "Affiliate" means any person or entity that directly or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with Buyer.
2. "Controller" means any Person or organization that, alone or jointly with others, determines the purposes and means of the Processing of Personal Data.
3. "Personal Information" means any information relating to an identified or identifiable Person, including, but not limited to name, postal address, email address or other online contact information (such as an online user ID), telephone number, date of birth, social security number (or its equivalent), driver's license number (or other government-issued identification number), account information (including financial account information), payment card Data (primary account number, expiration date, service code, full magnetic stripe Data or equivalent on a chip), personal identification number, access code, password, security questions and answers, security tokens used for authentication, birth or marriage certificate, health insurance or medical information, or any other unique identifier or one or more factors specific to the individual's physical, physiological, mental, economic or social identity, whether such Data is in individual or aggregate form and regardless of the media in which it is contained, that may be (i) disclosed at any time to Seller or its Personnel by Buyer or its Personnel in anticipation of, in connection with or incidental to the performance of Services for or on behalf of Buyer; (ii) Processed at any time by Seller or its Personnel in connection with or incidental to the performance of Services for or on behalf of Buyer; or (iii) derived by Seller or its Personnel from the information described in (i) or (ii) above.
4. "Personnel" means employees, agents, consultants or contractors of Seller or Buyer, as applicable.
5. "Privacy Shield" means the European Union (EU) -U.S. and Switzerland – U.S. Privacy Shield frameworks.
6. "Processor" means any Person or Entity that Processes Personal Data on behalf of a Controller.
7. "Process" or "Processing" means any operation or set of operations performed upon Personal Information, whether or not by automatic means, such as creating, collecting, procuring, obtaining, accessing, recording, organizing, storing, adapting, altering, retrieving, consulting, using, disclosing or destroying the Data.
8. "Sell," means selling, renting, releasing, disclosing, disseminating, making available, transferring, or otherwise communicating orally, in writing, or by electronic or other means, a Personal Information to another business or a third party for monetary or other valuable consideration

B. Seller shall hold in strict confidence any and all Personal Information.

C. Unless Buyer elsewhere in this agreement recognizes Seller to be a Controller, Buyer shall have the exclusive authority to determine the purposes for and means of Processing Personal Information.

D. In Processing Personal Information, Seller shall comply with all applicable laws in effect and as they become effective relating in any way to the privacy, confidentiality or security of Personal Information.

E. Seller shall Process Personal Information only on behalf and for the benefit of Buyer and only for the purposes of Processing Personal Information in connection with this Order, and will carry out its obligations pursuant to this Order and in accordance with Buyer's written instructions. **Supplier shall not Sell Personal Information.**

F. Seller shall limit access to Personal Information to its Personnel who have a need to know the Personal Information as a condition to Seller's performance of Services for or on behalf of Buyer, and who have explicitly agreed in writing to comply with legally enforceable privacy, confidentiality and security obligations that are substantially similar to those required by this clause. Seller will exercise the necessary and appropriate supervision over its relevant Personnel to maintain appropriate privacy, confidentiality and security of Personal Information. Seller will ensure that Personnel with access to Personal Information are periodically trained regarding privacy and security and the limitations on Processing of Personal Information as provided in this Order.

G. To the extent Seller Processes Personal Information received by Buyer from a Person or Entity in the EU or Switzerland, Seller shall (i) provide at least the same level of privacy protection for Personal Information by Buyer from the EU or Switzerland as is required by the Privacy Shield principles, (ii) promptly notify Buyer if at any time it determines that it can no longer meet its obligations to provide the same

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- level of protection as is required by the Privacy Shield principles, and (iii) take reasonable and appropriate steps to stop and remediate, as directed by Buyer, the Processing of such Personal Information if at any time Buyer notifies Seller that Buyer has determined that Seller is not Processing the Personal Information in compliance with the Privacy Shield principles.
- H. Seller will not transfer Personal Information outside the U.S. to which it originally was delivered to Seller for Processing (or, if it was originally delivered to a location inside the EU, outside the EU) without the explicit written consent of Buyer. Seller will enter into any further written agreements as are necessary (in Buyer's reasonable determination) to comply with privacy laws, including with respect to any cross-border Data transfer of Personal Information, whether to or from the Seller.
- I. Seller shall not share, transfer, disclose or otherwise provide access to any Personal Information to any third party, or contract any of its rights or obligations concerning Personal Information to a third party, unless Buyer has authorized Seller to do so in writing, except as required by law. Where Seller, with the consent of Buyer, provides a third party access to Personal Information, or contracts such rights or obligations to a third party, Seller shall enter into a written agreement with each third party that imposes obligations on the third party that are substantially similar to those imposed on Seller under this clause. Seller shall retain only third parties that Seller reasonably can expect to be suitable and capable of performing their delegated obligations in accordance with this Order and Buyer's written instructions.
- J. To the extent Seller provides a third party Processor access to Personal Information received by Buyer from a Person or Entity in the EU or Switzerland, Seller shall (i) transfer the Personal Information to the third party Processor only for the limited and specified purposes instructed by Buyer, (ii) ascertain that the third party Processor is obligated to provide at least the same level of privacy protection as is required by the Privacy Shield principles, (iii) take reasonable and appropriate steps to ensure that the third party Processor effectively Processes the Personal Information transferred in a manner consistent with the Privacy Shield principles, (iv) require the third party Processor to notify Seller if the third party Processor determines that it can no longer meet its obligation to provide the same level of protection as is required by the Privacy Shield principles, and (v) upon notice, including under (iv), take reasonable and appropriate steps to stop and remediate unauthorized Processing.
- K. No applicable law, or legal requirement, privacy or information security enforcement action, investigation, litigation or claim, or any other circumstance, prohibits Seller from (i) fulfilling its obligations under this Order or (ii) , complying with instructions it receives from Buyer concerning Personal Information. In the event a privacy requirement, enforcement action, investigation, litigation, or claim, or any other circumstance, is reasonably likely to adversely affect Seller's ability to fulfill its obligations under this Order, Seller shall promptly notify Buyer in writing and Buyer may, in its sole discretion and without penalty of any kind to Buyer, suspend the transfer or disclosure of Personal Information to Seller or access to Personal Information by Seller, terminate any further Processing of Personal Information by Seller, and terminate this Order and any related order(s).
- L. Seller will immediately inform Buyer in writing of any requests with respect to Personal Information received from Buyer's customers, consumers, employees, or others. Seller will respond to such requests in accordance with Buyer's instructions. Seller will fully cooperate with Buyer if an individual requests access to his or her Personal Information for any reason. Subject to applicable law, Supplier shall follow Northrop Grumman direction with respect to any individual right exercised under applicable privacy laws (e.g., access, deletion) with respect to the Personal Information Processed under this Agreement.
- M. Subject to applicable law, in the event Seller is required by law or legal process to disclose Personal Information, Seller will give immediate written notice of the disclosure to Buyer, so that Buyer may, in its discretion, seek a protective order or otherwise block the disclosure. Buyer will have the right to defend such action in lieu of and on behalf of Seller. Seller will reasonably cooperate with Buyer in such defense at Buyer's reasonable cost.
- N. Seller shall develop, implement and maintain a comprehensive, written information security program that complies with all applicable laws. Seller's information security program will include appropriate administrative, technical, physical, organizational and operational measures designed to (i) ensure the security and confidentiality of Personal Information; (ii) protect against any anticipated threats or hazards to the security and integrity of Personal Information; and (iii) protect against accidental or unlawful destruction, loss or alteration, unauthorized disclosure or access, and any other unlawful forms of Processing (hereinafter a "Privacy Incident").
- O. If the Processing involves the transmission of Personal Information over a network, Seller will implement appropriate measures to protect Personal Information against the specific risks presented by the Processing. Seller shall ensure a level of security appropriate to the risks associated with such transmission and the nature of the Personal Data Processed.
- P. Seller shall immediately, but in no event later than twenty-four hours after Seller's discovery of a Privacy Incident, notify Buyer in writing of any such Privacy Incident. Such notice will summarize in reasonable detail the effect on Buyer, if known, of the Privacy Incident and the corrective action taken or to be taken by Seller. Seller will promptly take all necessary and advisable corrective actions, and will cooperate fully with Buyer in all reasonable and lawful efforts to prevent, mitigate or rectify such Privacy Incident. The content of any filings, communications, notices, press releases or reports related to any Privacy Incident must be approved by Buyer prior to any publication or communication thereof.
- Q. Upon the occurrence of a Privacy Incident involving Personal Information in the possession, custody or control of Seller or for which Seller is otherwise responsible, Seller shall reimburse Buyer on demand for all Notification Related Costs (defined below) incurred by Buyer arising out of or in connection with any such Privacy Incident. "Notification Related Costs" shall include Buyer's internal and external costs associated with investigating, addressing and responding to the Privacy Incident, including but not limited to: (i) preparation and mailing or other transmission of notifications or other communications to consumers, employees or others as Buyer deems reasonably appropriate; (ii) establishment of a call center or other communications procedures in response to such Privacy Incident (e.g., customer service FAQs, talking points and training); (iii) public relations and other similar crisis management services; (iv) legal, consulting and accounting fees and expenses associated with Buyer's investigation of and response to such event; and (v) costs for commercially reasonable credit reporting and monitoring services that are associated with legally required notifications or are advisable under the circumstances.
- R. Buyer reserves the right to, annually or upon a Privacy Incident, review and inspect Seller's system and information security policies, practices, and procedures. With reasonable prior notice, Buyer or its Authorized Representatives reserve the right to inspect the system and any Buyer information or materials in Seller's possession, custody or control, relating in any way to Seller's obligations. An inspection shall not unreasonably interfere with the normal conduct of Seller's business and Seller shall cooperate fully with any such inspection initiated by Buyer. If Seller engages an independent third party to conduct a security evaluation/certification of Seller's systems that host Personal Information during the term of this contract, it shall provide summary copies of any resulting reporting to Buyer.
- S. Seller shall deal promptly and appropriately with any inquiries from Buyer relating to the processing of Personal Information subject to this Order.
- T. Seller agrees to indemnify and hold harmless the Indemnitees, as defined in clause 25 above, from, and at Buyer's option defend against, any and all Losses (as defined below), that the Indemnitees may incur, to the extent that such Losses arise from, or may be in any way



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attributable to (i) any violation of this Order; (ii) the negligence, gross negligence, bad faith, or intentional or willful misconduct of Seller or its Personnel in connection with the obligations set forth in this Order; (iii) Seller's use of any third party providing Services in connection with or relating to Seller's performance under this Order; or (iv) any Privacy Incident involving Personal Information in Seller's possession, custody or control, or for which Seller is otherwise responsible. For purposes of this Order, "Losses" means all judgments, settlements, awards, damages, losses, charges, liabilities, penalties, interest claims (including taxes and all related interest and penalties incurred directly with respect thereto), and all related reasonable costs, expenses and other charges (including all reasonable attorneys' fees and reasonable internal and external costs of investigations, litigation, hearings, proceedings, document and Data productions and discovery, settlement, judgment, award, interest and penalties).

U. Seller's obligations under this clause will survive the termination of this Order and the completion of all Services subject thereto.

**57. INFORMATION SECURITY**

**A. Definitions**

1. "Information Security Incident" means (i) any actual or suspected incident involving Seller Information System that may involve Buyer's Sensitive Information, or (ii) any actual or suspected unauthorized access to, use, or disclosure of Buyer's Sensitive Information.
2. "Information" means any communication or representation of knowledge such as facts, Data, or opinions, in any medium or form, including textual, numerical, graphic, cartographic, narrative, or audiovisual.
3. "Information System" means a discrete set of Information resources that collect, process, maintain, use, share, disseminate, or dispose Information.
4. "Seller Information System" is defined as any Information System owned and/or operated by Seller or owned/operated by a third party on behalf of Seller that collects, processes, maintains, uses, shares, disseminates, or disposes Information.
5. "Sensitive Information" means any Information that is collected, processed, maintained, used, shared, or disseminated in connection with this Order that warrants protection to ensure its confidentiality, integrity and availability including, but not limited to, any Northrop Grumman Proprietary Information and third party proprietary Information, Personal Information, Federal Contract Information as defined in FAR 52.204-21, Covered Defense Information as defined in DFARS 252.204-7012, and Controlled Unclassified Information (CUI) defined in the National Archives and Records Administration (NARA) Registry.
6. "Countermeasures" means actions, devices, procedures, techniques, or other measures that reduce the vulnerability of an Information System.

**B. Reasonable and Appropriate Security Controls**

1. Seller shall apply reasonable and appropriate administrative, technical, physical, organizational, and operational safeguards and operations including Countermeasures, to protect Sensitive Information against accidental and unlawful destruction, alteration, and unauthorized or improper disclosure or access regardless of whether such Sensitive Information is on Seller's internal systems or a cloud environment.
2. If Seller's performance of the Order involves the transmission, storage, or processing of Sensitive Information on an Information System, the Seller shall at a minimum apply the following security controls:
  - i. Basic Safeguarding Controls from FAR 52.204-21, regardless of whether FAR 52.204-21 applies to the Order:
    - a. Limit information system access to authorized users, processes acting on behalf of authorized users, or devices (including other information systems).
    - b. Limit information system access to the types of transactions and functions that authorized users are permitted to execute.
    - c. Verify and control/limit connections to and use of external information systems.
    - d. Control information posted or processed on publicly accessible information systems.
    - e. Identify information system users, processes acting on behalf of users, or devices.
    - f. Authenticate (or verify) the identities of those users, processes, or devices, as a prerequisite to allowing access to organizational information systems.
    - g. Sanitize or destroy Information System media containing Sensitive Information before disposal or release for reuse.
    - h. Limit physical access to organizational information systems, equipment, and the respective operating environments to authorized individuals.
    - i. Escort visitors and monitor visitor activity; maintain audit logs of physical access; and control and manage physical access devices.
    - j. Monitor, control, and protect organizational communications (i.e., information transmitted or received by organizational information systems) at the external boundaries and key internal boundaries of the information systems.
    - k. Implement subnetworks for publicly accessible system components that are physically or logically separated from internal networks.
    - l. Identify, report, and correct information and information system flaws in a timely manner.
    - m. Provide protection from malicious code at appropriate locations within information systems.
    - n. Update malicious code protection mechanisms when new releases are available.
    - o. Perform periodic scans of the information system and real-time scans of files from external sources as files are downloaded, opened, or executed.
  - ii. Additional Basic Security Controls
    - a. Establish and enforce security configuration settings for information technology Products employed in Seller's systems.
    - b. Establish and maintain Data protection processes and systems to adequately protect Sensitive Information, including pertaining to destruction methods employed, how audit and system log information is protected, and having the capability to encrypt Sensitive Information during transmission.
    - c. Ensure that risks identified in scans performed under paragraph B.2(i)(o) of this clause are promptly addressed.

**C. Information Security Incident Response and Notification**

1. Seller must have documented processes that address Information Security Incidents. These processes should be a set of written instructions and Countermeasures that include, but are not limited to: detecting, responding to, and limiting the effects of an Information Security Incident.
2. Within 72 hours of discovery, Seller will notify Buyer's Authorized Representative and Buyer's Cyber Security Operations Center (CSOC) at (877) 615-3535 of any Information Security Incident. At Seller's expense, Seller will (i) immediately investigate any Information Security Incident, (ii) make all reasonable efforts to secure Sensitive Information and mitigate the impact of the Information Security Incident, (iii) provide timely and relevant information to Buyer about the Information Security Incident on an ongoing basis, and

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- (iv) cooperate as applicable with Buyer to provide notice to affected third parties.
- 3. This clause does not relieve Seller of any other applicable safeguarding requirements, remedies, or obligations regarding the protection of Sensitive Information required by this Order or local, federal, state or other governmental agencies or departments, including but not limited to FAR 52.204-21 or DFARS 252.204-7012.
- D. Seller shall respond promptly and appropriately to any inquiries from Buyer related to compliance with this clause to include documentation and/or independent evidence of the effectiveness of implemented controls, processes and Countermeasures discussed above.
- E. Seller shall provide prior written notification of any material changes to Seller Information System that store, process or transmit Buyer's Sensitive Information to include any new third party agreements they have entered that will store, process or transmit Buyer's Sensitive Information on behalf of Seller.