

ADVANCED INTEGRATED TECHNOLOGIES, LLC
GENERAL TERMS AND CONDITIONS
EFFECTIVE: JANUARY 9, 2019

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PART A: PERFORMANCE IN GENERAL

1. General Definitions

- (a) "AIT" means Advanced Integrated Technologies, LLC.
- (b) "Government" means AIT's customer for the Prime Contract.
- (c) "Prime Contract" means the contract between AIT and its customer (either a government entity or higher tier contractor), of which this Subcontract represents a sub-contracted part.
- (d) "Purchase Order" means any written order by AIT to Subcontractor for goods or services, all of which shall be subject to these Terms and Conditions. This Subcontract may include more than one Purchase Order.
- (e) "Specifications" means the technical specifications, plans, data, drawings, diagrams, schedules and any other documents that describe the Subcontract Work.
- (f) "Subcontract" means the Purchase Order or other written agreement between AIT and Subcontractor, including these Terms and Conditions, the Specifications, and any other documents incorporated by reference in the Purchase Order.
- (g) "Subcontractor" means the individual or entity identified on the face of the Purchase Order by whom the Subcontract Work is to be performed, as well as all of their directors, officers, and employees.
- (h) "Subcontract Price" means the total price to be paid by AIT to Subcontractor in consideration of Subcontractor's full performance of the applicable Purchase Order, as set forth in the Purchase Order.
- (i) "Subcontract Products" means the products, goods, material, supplies, equipment, articles or data to be furnished by Subcontractor. In the context of an equipment rental, "Subcontract Products" shall also include rental property.
- (j) "Subcontract Work" means the goods and/or services which are the subject of the Purchase Order. Unless otherwise specifically stated, "Subcontract Work" includes any Subcontract Products.

2. Acceptance, Integration and Modification

- (a) Acceptance of this Subcontract is limited to the terms and conditions stated herein. Any additions, deletions or differences in the terms proposed by Subcontractor are objected to and hereby rejected unless AIT expressly agrees to them in writing.

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- (b) Any performance, whatsoever, by Subcontractor of any portion of this Subcontract, without regard to its value, shall constitute complete acceptance of the Subcontract, including without limitation, these Terms and Conditions. Subcontractor agrees that a signed acknowledgement of these Terms and Conditions is not a condition precedent to the full enforceability of this Subcontract, including these Terms and Conditions, by AIT against Subcontractor.
- (c) This Subcontract constitutes the entire agreement between the parties and supersedes all previous communications, representations or agreements, whether oral or written, between the parties. No terms other than those set forth herein or in the Subcontract shall apply. Subcontractor represents that, in entering this Subcontract, it does not rely on any previous oral or implied representation, inducement, or understanding of any kind. This Subcontract shall not be varied, supplemented, qualified or interpreted by any prior course of dealing, usage of trade or course of performance between Subcontractor and AIT, and shall be interpreted without regard to which party is deemed to have drafted this Subcontract.
- (d) This Subcontract may be amended or modified only as provided in the Changes section of these Terms and Conditions or by a written instrument executed by authorized representatives of both AIT and Subcontractor.
- (e) This Subcontract shall be governed by and interpreted under the laws of the Commonwealth of Virginia, excluding Virginia's conflict or choice of law rules. The rights and remedies reserved to AIT in this Subcontract are cumulative with, and in addition to, all other or further rights and remedies provided in law or equity.
- (f) If any one or more of the provisions of this Subcontract is found to be invalid, the remaining provisions shall not be affected, and this Subcontract shall be interpreted as if not containing such provisions. Paragraph and section headings are for administrative convenience only and shall not be used to interpret this Subcontract.
- (g) AIT's failure to insist on performance of any provision of this Subcontract shall not be construed as a waiver of that provision in any other instance or of any other Subcontract provision or term.

3. Assignment

Neither this Subcontract nor the consideration due hereunder may be assigned by Subcontractor, in whole or in part, without AIT's prior written consent.

4. Changes

- (a) AIT may at any time, by written order ("Change Order"), make changes to this Subcontract. If any Change Order causes an increase or decrease in the cost of, or the time required for, performance of this Subcontract, AIT shall make an equitable adjustment in the

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Subcontract Price, the performance or delivery schedule, or both, and shall so modify this Subcontract subject to acceptance of Subcontractor's justification of cost of change.

- (b) Oral requests or demands to change the timing or scope of Subcontractor's performance, or to alter its level of effort (including requests to accelerate work or add additional shifts) are not Change Orders. AIT's engineering and technical personnel may from time to time render assistance or give technical advice or discuss or exchange information with Subcontractor's personnel concerning the Subcontract Work. Such actions, however, shall not be deemed to be a Change Order under this Changes section and shall not be the basis for any equitable adjustment. Only an authorized representative of AIT's Purchasing Department may issue a Change Order and all Change Orders will be in writing.
- (c) Within ten days of receipt of any Change Order, Subcontractor shall submit to AIT a detailed written estimate of the impact of the Change Order on the Subcontract Price, the performance or delivery schedule, and the performance capabilities of any Subcontract Products. Upon receipt of this estimate, AIT shall begin good faith negotiations with Subcontractor to determine an equitable adjustment to the Subcontract. Failure to provide a timely estimate shall be deemed a waiver of Subcontractor's right to an equitable adjustment for the relevant Change Order.
- (d) The failure of the parties to agree to any equitable adjustment shall be a dispute under the Disputes section of this Subcontract. Nothing in this Changes section, however, shall excuse Subcontractor from proceeding with diligent performance of this Subcontract, including all Change Orders.
- (e) Subcontractor understands that, from time to time, AIT's customer may impose changes to the Prime Contract that necessitate changes to the Subcontract. For such changes, Paragraph (c) of the Disputes section of these Terms and Conditions provides Subcontractor's sole remedy.

5. Compliance with Law

Subcontractor shall fully comply with all applicable laws, rules, regulations, codes, orders, conventions, ordinances and standards of the country(ies) of origin and destination or that relate to the manufacture, labeling, transportation, exportation, licensing, approval or certification of the Subcontract Work, including but not limited to, those relating to environmental matters, wages, hours and conditions of employment, subcontractor selection, discrimination, occupational health and safety and motor vehicle safety.

6. Confidentiality

- (a) Information furnished by AIT and identified by AIT as "Confidential", "Proprietary", or "Trade Secret" or otherwise identified as subject to restricted access or dissemination shall be and remain property of AIT; shall not be duplicated, used or disclosed to third parties except for the purpose and to the extent necessary for the performance of this

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Subcontract; and upon completion of this Subcontract, shall be delivered to AIT or destroyed by Subcontractor as AIT specifies (including all copies). Absent contrary instructions, Subcontractor shall destroy all of AIT's proprietary or confidential data and information in its possession within one (1) year after termination or completion of the Subcontract and provide written acknowledgment to AIT of such destruction.

- (b) Subcontractor shall take all reasonable precautions to maintain in confidence all such information, including the imposition upon any person, firm, or corporation to whom disclosure of such information is made in the course of performance under this Subcontract of conditions relating to the confidential treatment thereof to the same effect as those imposed upon Subcontractor herein. The obligations imposed upon Subcontractor herein shall not apply to such information that is already known to Subcontractor, is lawfully obtained or obtainable by Subcontractor from another source, is or comes into the public domain other than as a result of breach of this Confidentiality of Data and Information Section.
- (c) Notwithstanding the foregoing, nothing in this Subcontract shall be construed to limit Subcontractor's or its employees' rights and obligations to report fraud, waste, abuse, or violations of law to appropriate government entities.
- (d) Any knowledge or information which Subcontractor shall have disclosed or may hereafter disclose to AIT in connection with the Subcontract Work shall not, unless otherwise specifically agreed to in writing by AIT, be deemed to be confidential or proprietary information, and shall be acquired free from any restrictions (other than a claim for patent infringement) as part of the consideration for this Subcontract.
- (e) Subcontractor shall not, in any manner, advertise or publish the fact that Subcontractor has contracted to perform the Subcontract Work or supply Subcontract Products or use the service mark "Advanced Integrated Technologies" in any advertising or promotional materials without AIT's prior express written consent.
- (f) Work under this Subcontract may require that personnel have access to personal identifying information ("Privacy Information"). Subcontractor personnel shall adhere to the Privacy Act, Title 5 of the U.S. Code Section 552a and applicable agency rules and regulations. Access to, and preparation of, sensitive information subject to Privacy Act and Business Sensitive safeguarding and destruction may be required in the performance of tasking associated with this Subcontract. Administratively sensitive information/data must not be shared outside of the specific work areas. All personnel with access to Privacy Act data in support of this Task Order shall sign a Privacy Act certification.
- (g) Subcontractor shall maintain an information security program that satisfies applicable Privacy Laws and is consistent with general standards in Subcontractor's industry. In addition, such program shall include appropriate administrative, technical, physical, organizational, and operational safeguards and other security measures to maintain the security and confidentiality of information protected under this Section (including, but not

limited to, Privacy Information and to protect it from known or reasonably anticipated threats or hazards to its security and integrity. The level of security and protection provided shall be commensurate with the nature of the Privacy Information to be protected.

7. Disputes

- (a) AIT and Subcontractor agree to enter into negotiation to resolve any dispute related to this Subcontract. Both parties agree to negotiate in good faith to reach a mutually agreeable settlement within a reasonable amount of time.
- (b) If negotiations are unsuccessful, AIT and Subcontractor agree to submit all disputes, except those subject to paragraph (c), to binding arbitration. The American Arbitration Association (AAA) Commercial Arbitration Rules (most recent edition) are to govern this Arbitration. The Arbitration shall take place in Norfolk, Virginia.
 - (i) The Arbitrator shall be bound to follow the applicable Subcontract provisions and Virginia law in adjudicating the dispute. Both parties agree that the Arbitrator's decision is final, and that neither party shall take any action, judicial or administrative, to overturn this decision. The Arbitrator's judgment shall be enforceable in any court of competent jurisdiction.
 - (ii) The cost of the arbitration shall be borne equally by the parties; provided, however, each party shall be responsible for its own attorney's fees.
- (c) Claims and disputes under the Prime Contract:
 - (i) Subcontractor may submit to AIT a claim or request for equitable adjustment under the Prime Contract in accordance with FAR 52.233-1. AIT may, upon Subcontractor's request and in AIT's sole discretion, submit such claim or request for equitable adjustment to its customer through its contracting officer (or equivalent) for resolution, including a contracting officer's final decision in the case of a claim. Such submission, if not rejected for lack of jurisdiction, shall constitute Subcontractor's sole remedy and shall be a bar to Subcontractor's proceeding directly against AIT in any forum. Subcontractor's compliance with the dispute resolution provisions of the Prime Contract is a condition precedent to AIT's submission of Subcontractor's claim or request for equitable adjustment to the Government.
 - (ii) The resolution of any claim or request for equitable adjustment by AIT's customer through its contracting officer (or equivalent) shall be conclusive and binding on Subcontractor to the extent conclusive and binding on AIT, subject to Subcontractor's rights of appeal as set forth below.
 - (iii) If Subcontractor is dissatisfied with the final decision of AIT's customer with respect to any claim, Subcontractor may appeal such final decision in accordance with the dispute resolution provisions of the Prime Contract,

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using AIT's name, if such appeal does not affect AIT's rights independent of Subcontractor's claim. If the final decision affects AIT's independent rights, Subcontractor may appeal in AIT's name only with AIT's written consent.

- (iv) Requests for equitable adjustment or claims that are not submitted to the AIT's customer or which are dismissed by AIT's customer for lack of jurisdiction may be resolved in accordance with paragraph (b) above.
- (v) Nothing said, written or done by AIT in the course of prosecuting any submission to its customer on behalf of Subcontractor shall be construed as an admission or declaration against AIT's interest in any other proceedings.
- (d) Until final resolution of any Dispute hereunder, Subcontractor shall diligently proceed with the performance of this Subcontract as directed by AIT.

8. Ethics

- (a) Subcontractor has an ethical obligation and legal responsibility to warn AIT of any illegal conduct, or acts of impropriety, which Subcontractor discovers, or reasonably should have discovered, in the course of performing this Subcontract Work.
- (b) No gratuities (in the form of entertainment, gifts or otherwise) or kickbacks shall be offered or given by Subcontractor to any employee of AIT with a view towards securing more favorable treatment as a subcontractor or supplier.

9. Export Control Compliance and Cooperation

Subcontractor agrees to comply with all applicable U.S. export control laws and regulations with respect to this Subcontract, including obtaining all licenses, approvals, and customs clearances required for the goods, services, and information provided hereunder. Subcontractor further agrees to notify AIT in writing if any goods, services, or information under this subcontract are restricted by export control laws or regulations.

10. Force Majeure

Either party shall provide notice to the other party of a Force Majeure event no later than three (3) days after such first party has reason to know of the existence of the Force Majeure event. This notice shall include the estimated impact on the performance or delivery schedule. No extension of Subcontractor's delivery or performance schedule shall be considered unless AIT has received this notice. Subcontractor shall likewise immediately provide notice to AIT when the Force Majeure event has ended, and such notice shall include a statement of the amount of delay in the performance or delivery schedule caused by such event.

“Force Majeure” shall mean any event or occurrence beyond the reasonable control and without the fault or negligence of the party invoking this section, which by exercise of due diligence, such party shall not have been able to avoid or overcome. Such events and occurrences may include, by way of example, natural disasters, floods, windstorms, unusually severe weather and other acts of God, fires, explosions, riots, wars, sabotage, power failures, and acts of government (other than in its contracting capacity). Failures or delays caused by a Force Majeure are neither compensable nor a breach, under the terms of this Subcontract.

11. Incorporation by Reference

These Terms and Conditions incorporate one or more federal acquisition regulation clauses by reference (see Appendix A), with the same force and effect as if they were given in full text. In each, as appropriate, where the clause refers to the “Government”, it should be construed as referring to AIT. Where it refers to “Subcontractor”, it should be construed as referring to Subcontractor. Each clause’s full text is available at <https://www.acquisition.gov/?q=browsefar>.

12. Indemnity

Subcontractor shall defend, indemnify, and save and hold AIT, its parents, affiliates, directors, officers, agents, representatives and employees, free and harmless from and against any and all claims, demands, causes of action, damages, liabilities, costs, expenses (including, but not limited to, reasonable attorneys’ fees), and losses of any nature based in whole or in part on any act or omission of Subcontractor or any of its officers, directors, employees, agents, representatives, or subcontractors connected in any way with the performance of the Subcontract Work or the breach by Subcontractor of any term or provision of this Subcontract and expenses incurred in connection therewith (including, but not limited to, attorneys’ fees), excluding only claims and liabilities based on AIT’s sole negligence or willful misconduct.

13. Independent Subcontractor

Subcontractor is an independent contractor. Subcontractor assumes full and sole responsibility for the payment of all compensation, expenses, benefits (including, but not limited to, vacation pay, overtime, training, travel allowances and reimbursements, workers’ compensation, pension and/or retirement, medical and/or health benefits), state and federal income tax, unemployment insurance, social security, disability insurance, and other applicable withholdings associated with its employment of or contracting with any other person.

14. Inspection and Acceptance of Subcontract Work

- (a) The Subcontract Work shall at all times be available for inspection and testing by AIT. AIT’s inspection or failure to inspect shall not relieve Subcontractor of any obligations or liability under this Subcontract, nor shall it constitute acceptance of the Subcontract Work. Subcontractor shall repair, re-perform or replace any nonconforming Subcontract Work at Subcontractor’s expense promptly upon receipt of AIT’s written notice of nonconformance, taking into account the delivery schedule and the impact on the Prime

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Contract delivery schedule. If Subcontractor does not promptly repair, re-perform or replace such nonconforming Subcontract Work, AIT may repair, re-perform or replace such nonconforming Subcontract Work at Subcontractor's expense.

- (b) Subcontract Work shall be accepted when AIT determines that it conforms to this Subcontract, and such acceptance shall be conclusive evidence of conformance except for latent defects, fraud or gross negligence.

15. Insurance

Unless otherwise stated in the Subcontract, and without prejudice to AIT's rights and Subcontractor's indemnity obligations under the Indemnity section of these Terms and Conditions, Subcontractor shall keep and maintain in effect at its sole cost and expense the following policies of insurance:

- (a) Commercial General Liability insurance coverage with the following limits per occurrence:
 - (i) General Aggregate, \$2,000,000
 - (ii) Products and Completed Operations Aggregate \$1,000,000
 - (iii) Personal and Advertising Injury \$1,000,000
 - (iv) Each Occurrence \$1,000,000
 - (v) Property Damage \$50,000
 - (vi) Medical Expenses \$5,000
- (b) Commercial Automobile Liability insurance coverage for owned, hired, and non-owned vehicles, \$1,000,000 per occurrence.
- (c) Workers' Compensation and Longshore and Harbor (USL&H) Workers' Compensation Act insurance with the following limits:
 - (i) Employer's Liability Each Accident \$500,000
 - (ii) Employer's Liability Disease Policy \$500,000
 - (iii) Employer's Liability Each Employee \$500,000
- (d) Umbrella Excess Liability, General Aggregate and Each Occurrence, \$5,000,000. This coverage shall be in excess of the above listed insurance coverages.
- (e) For Subcontract Work consisting of engineering services, consulting, construction management or construction services, Subcontractor shall keep and maintain in effect at its sole cost and expense professional liability (errors and omissions) coverage with minimum limits of liability of \$1,000,000 per occurrence and \$1,000,000 in the aggregate.
- (f) Each such policy shall be underwritten by an insurance company satisfactory to AIT; shall provide that it is primary insurance to, and noncontributing with, any other insurance carried by AIT; and shall obligate the insurer to give AIT not less than thirty (30) days prior written notice in the event of policy cancellation or any material change therein.

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Certificates evidencing such policies, in a form satisfactory to AIT, shall be delivered to AIT upon issuance of the Subcontract, and renewals thereof shall be sent to AIT at least ten (10) days prior to the expiration of the respective policy terms.

- (g) The policies referred to above in subparagraphs shall be endorsed to name AIT as an "additional insured," and the certificates provided to AIT shall reflect such endorsement.
- (h) The policies referred to above shall contain a waiver of subrogation in favor of AIT.
- (i) The insurance coverage limits stated above are minimum insurance coverage requirements, not limits of Subcontractor's liability.

16. Invoices, Payment and Taxes

- (a) Progress payments will be allowed based on approved percentage of progress. Requests for payment shall be submitted monthly on or before the 5th calendar day following the previous work month, certified by a responsible official of Subcontractor to:

Advanced Integrated Technologies, LLC
ATTN: Accounts Payable Dept.
2427 Ingleside Rd.
Norfolk, VA 23513

- (b) Invoices shall be accompanied by a certification signed by Subcontractor's authorized representative which states that "All services invoiced were properly delivered in support of the Purchase Order effort identified, within the Period of Performance of the Purchase Order claimed, are allowable and properly allocable, and reflect true and accurate accounting of the labor and other costs incurred."
- (c) Unless otherwise provided, any cash discount period shall commence on the date of receipt of Subcontractor's invoice.
- (d) Incorrect and incomplete invoices shall be returned for correction and shall delay the commencement of AIT's obligation to pay for the Subcontract Work and any discount period, until a corrected invoice is received by AIT.
- (e) All invoices must be received by AIT within thirty (30) days after completion of the Subcontract Work covered by the invoice. Late invoices will not be accepted and failure to provide timely invoices shall constitute a waiver by Subcontractor of the right to payment for associated work.
- (f) AIT shall pay Subcontractor only for the complete, proper and timely performance of this Subcontract, and AIT shall have the right to withhold payment for any failure of Subcontractor to strictly comply with this Subcontract.

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- (g) No payment of any portion of the Subcontract Price shall constitute acceptance of the Subcontract Work or of Subcontractor's performance or waiver of any term or condition of this Subcontract.
- (h) Unless otherwise provided in this Subcontract, payment shall be net thirty (30) days from the latest of the following:
 - (i) AIT's receipt of a proper invoice,
 - (ii) scheduled delivery of the Subcontract Work; or
 - (iii) actual delivery of the Subcontract Work.

Notwithstanding the foregoing, AIT's obligation to make any payment under this Subcontract on any invoice, whether a progress or final payment, or for extra or change orders or delays to the work, is subject to the condition precedent of AIT's having received payment from its customer for the work or items covered by that invoice.

- (a) Payment shall be deemed to have been made as of the date of mailing payment or electronic funds transfer.
- (i) Unless otherwise specified, prices include all applicable United States, state, and local taxes, duties, tariffs, and similar fees imposed by any government. Credits resulting or arising from this Subcontract, including, but not limited to, trade credits, export credits or refund of duties, taxes or fees, belong to AIT. Subcontractor shall provide all information necessary to permit AIT to receive these credits.
- (j) Except where prohibited by law, AIT will retain at least ten (10) percent of the Subcontract Price (the "Retainage") pending final acceptance of the Subcontract Work (under this Subcontract's Standard of Performance section), including any required rework or remediation. AIT will pay to Subcontractor the Retainage, less any amount withheld pursuant to the Setoffs/Backcharges section of these Terms and Conditions, within thirty (30) days of AIT's final acceptance of the Subcontract Work.
- (k) Subcontractor agrees to segregate the costs incurred under this Subcontract from those incurred under any other contracts. In addition, Subcontractor agrees that no cost will be allocated to this Subcontract unless the cost was incurred during the period of performance specified for each Purchase Order issued under this Subcontract. Furthermore, Subcontractor agrees that it will not submit any invoice or other request for reimbursement nor will it be entitled to reimbursement for work not performed during the appropriate period of performance as specified in the Purchase Order.
- (l) **If the Purchase Order(s) include incremental funding or a specified level of effort:** Subcontractor is cautioned not to exceed the authorized incremental funding amount, if applicable, as AIT is not responsible for expenses above this amount. If the specified level of effort is not reached, the amount reimbursed to Subcontractor will be the amount of their accepted labor hours and expenses. After 75% of original authorized incremental

funds have been expended, no additional funding will be provided without a written request (the "75% Letter") from Subcontractor and no further work by Subcontractor is permitted until the 75% Letter received and accepted by AIT and a Change order for additional funds has been issued and incorporated as a modification to the applicable Purchase Order.

- (m) Subcontractor's acceptance of full payment of the Subcontract Price shall be deemed satisfaction in full of AIT's obligations to Subcontractor for the Purchase Order (and, if no other Purchase Orders are still pending, this Subcontract) and release of all claims or demands of Subcontractor and its subcontractors against AIT arising out of or connected with this Subcontract.

17. Liens

- (a) Subcontractor waives any and all rights to any lien against AIT by Subcontractor or Subcontractor's subcontractors.
- (b) AIT shall have the right to withhold any payment until Subcontractor shall furnish, as requested, current written releases and waivers of all rights to claim or file liens, properly executed by Subcontractor and its subcontractors. If Subcontractor fails or neglects to pay any admitted claims for labor or material, AIT may pay such claims and deduct such payments from funds due Subcontractor hereunder or, if such claims be disputed, withhold sufficient funds to pay such claims until they are resolved.
- (c) Subcontractor shall immediately discharge or cause to be discharged any lien or charge of any kind, which at any time is filed against the property of AIT with respect to, or arising from, the performance of the Subcontract Work. If any such lien or charge is not immediately discharged, AIT may discharge or cause to be discharged such lien or charge at the expense of Subcontractor.

18. Limitation of Liability

- (a) **EXCEPT FOR THE RIGHTS AND OBLIGATIONS SET FORTH IN THE INDEMNITY AND WARRANTY SECTIONS HEREIN, UNDER NO CIRCUMSTANCES SHALL AIT BE LIABLE TO SUBCONTRACTOR FOR: (i) PUNITIVE, EXEMPLARY OR OTHER SPECIAL DAMAGES ARISING UNDER, OR RELATING TO, THIS CONTRACT; OR (ii) INDIRECT, INCIDENTAL OR CONSEQUENTIAL DAMAGES (INCLUDING WITHOUT LIMITATION LOSS OF USE, DELAY OR TIME RELATED DAMAGES, LOSS OF INCOME, LOST PROFITS OR LOSS OF ANTICIPATED PROFITS, LOST BUSINESS, LOSS OF BUSINESS REPUTATION, OR LOSS OF BUSINESS OPPORTUNITIES, UNREALIZED SAVINGS, ANY AND ALL ATTORNEYS' FEES AND COSTS) ARISING UNDER, OR RELATING TO THIS CONTRACT, REGARDLESS OF WHETHER SUCH DAMAGES ARE BASED IN CONTRACT, TORT, OR ANY OTHER LEGAL OR EQUITABLE THEORY, AND REGARDLESS OF WHETHER AIT WAS ADVISED OR, KNEW OF, OR SHOULD HAVE KNOWN OF, THE POSSIBILITY OF SUCH DAMAGES.**

- (b) If AIT furnishes goods or services to the Subcontractor, **SUBCONTRACTOR AGREES TO AND DOES WAIVE ANY AND ALL WARRANTIES, EXPRESS OR IMPLIED, WHETHER ARISING BY OPERATION OF LAW OR OTHERWISE, INCLUDING, BUT NOT LIMITED TO, ANY IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE THAT MAY FLOW TO IT FROM AIT, AND ALL SUCH WARRANTIES ARE HEREBY EXCLUDED.**
- (c) AIT shall not be liable for the loss of or damage to any rental property provided by Subcontractor under this Subcontract unless directly caused by AIT's negligence or intentional misconduct in the care, operation or use of the rental property during the term of this Subcontract. Subcontractor shall not have, or be entitled to make, any claim for any such loss or damage unless Subcontractor gives AIT: (a) written notice of the nature, extent and amount of such loss or damage within forty-eight (48) hours after Subcontractor retrieves the rental property; and (b) the opportunity to inspect the rental property within seven (7) days after retrieval. In no event shall AIT be liable for loss of rent or for any other consequential damages associated with rental property.

19. Non-solicitation of Employees

AIT and Subcontractor agree that during the term of the Subcontract, including extensions or modifications thereto, and for an additional twelve (12) months following this period, neither AIT nor Subcontractor will actively recruit, solicit, nor suggest application to permanent employees of either party without the prior written approval of the party whose employee is being considered for employment.

This Section does not prohibit any employee from responding to or pursuing employment opportunities through normal media channels, i.e., newspapers, professional journals, internet sites, etc., so long as such activities are not an attempt to avoid the intent of this Section.

In the event of a breach of this Section, the breaching party shall pay to the other the sum of twenty-five percent (25%) of the solicited employee's annual salary or equivalent wages to be paid by the hiring company as a conversion fee, and not as a penalty.

20. Notices

Required notices shall be in writing and shall be deemed effective when served personally; delivered by courier service (with proof of delivery); successfully transmitted by fax (with confirmation of receipt); or deposited in the U.S. Mail, first class postage prepaid, addressed as follows:

To Subcontractor:

As indicated on face of the Purchase Order

To AIT:

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Advanced Integrated Technologies, LLC
2427 Ingleside Rd.
Norfolk, VA 23513
Attn: Purchasing Manager

21. Order of Precedence

In the event of any conflict or inconsistency between the provisions of this Subcontract, wherever appearing, any conflict or inconsistency shall be resolved by giving precedence to the following documents in the order below:

- (a) terms appearing on the face of the Purchase Order;
- (b) the Specifications,
- (c) within the Specifications, written specifications shall prevail over drawings;
- (d) Special Terms and Conditions, if any; and
- (e) these General Terms and Conditions.

22. Packing and Shipment

Deliveries shall be made as specified, without additional charge for boxing, crating, carting or storage, unless otherwise specified and shall meet the following requirements:

- (a) In accordance with the requirements of common carriers, Subcontract Products shall be suitably packaged to secure the lowest transportation costs and to protect against damage from transportation or weather.
- (b) Subcontract Products must be reasonably and adequately preserved and protected for storage at AIT's facilities, and for handling and protection.
- (c) The Purchase Order number and Purchase Order line item number must be plainly marked on all packages and bills of lading.
- (d) Packing lists shall accompany each shipment listing all material included in the shipment. AIT's count or weight shall be final and conclusive for shipments not accompanied by packing lists.
- (e) If shipment is from outside of the U.S., pallets must be pest free, and preferably use heat (not chemically) treated bark free wood.
- (f) If Subcontractor ships via ocean in sealed Less-Than Container Load (LCL), Full Container Load (FCL), or break-bulk shipments arriving at U.S. seaports from non-U.S. countries, then Subcontractor must provide Advanced Integrated Technologies' Logistics Department with U.S. Customs 10+2 importation data using the Importer Security Filing-Form 10 (or current equivalent).
- (g) The 10+2 information must be sent to AIT's Logistics Department at least three business days prior to vessel departure from the port of origin. In addition, updates and corrections must be provided to AIT's Logistics Department at least three business days prior to the vessel arriving in a U.S. destination port. Costs incurred as a result of Subcontractor's failure to provide timely 10+2 documentation will be charged to Subcontractor at AIT's option.

23. Payment & Performance Bonds

At AIT's sole discretion, if it appears that Subcontractor is or will be unable to pay all of its suppliers and subcontractors in a timely manner or is unable to assure timely performance, AIT may request, and upon such request Subcontractor shall provide, payment (labor and material) or performance bonds in amounts designated by AIT and issued by surety companies acceptable to AIT. Subcontractor's failure to provide such bonds upon request shall constitute a material breach of this Subcontract.

24. Pricing

Unless otherwise specified in the Subcontract, all pricing agreed to by the parties shall be firm fixed pricing and Subcontractor shall be wholly responsible for providing the Subcontract Work at the agreed upon price and in accordance with the Specifications.

25. Property Rights in Subcontract Work and Data

All data and materials prepared or developed by Subcontractor in connection with the performance of the Subcontract Work shall be AIT's exclusive property and shall be provided to AIT upon completion of performance of this Subcontract, upon termination of this Subcontract, or upon AIT's earlier request.

26. Rated Orders

If this Subcontract is priority rated and certified for national defense use (as designated on the cover page or Purchase Order(s)), Subcontractor shall comply with the provisions of the Defense Priorities and Allocations System (DPAS) regulation (15 CFR 700).

27. Reporting Requirements

- (a) The Prime Contract includes various reporting requirements which will from time to time require AIT to obtain information from Subcontractor. Subcontractor shall make all reasonable efforts to comply with information requests from AIT and will respond promptly to such requests.
- (b) Subcontractor shall submit a monthly report (the "Monthly Report") on or before the 5th calendar day of the month that includes the following information (if applicable):
 - (i) The monthly and cumulative man-hours and labor costs (by employee and labor category) expended through the period as indicated on the invoice for each Purchase Order, by CLIN/SLIN;
 - (ii) Other Direct Costs, materials and travel for the current month and total to date;
 - (iii) The remaining man-hours and costs by CLIN/SLIN; and
 - (iv) The period of performance being reported.

28. Risk of Loss or Damage

The Subcontractor assumes the following risks with respect to the Subcontract Work:

- (a) all risks of loss or damage until the acceptance of the Subcontract Work by AIT;
- (b) all risks of loss or damage to third persons and their property until the acceptance of the Subcontract Work by AIT;
- (c) all risks of loss or damage to any property received by Subcontractor from AIT or AIT's customer or held by Subcontractor or its supplier for the account of AIT, until such property has been returned to and accepted by Subcontractor or its customer, as the case may be; and
- (d) all risks of loss or damage to any Subcontract Products or part thereof rejected by AIT or its customer while in transit for return to Subcontractor.

29. Scope of Performance

- (a) Unless otherwise agreed to in writing, Subcontractor shall provide at the location where the Subcontract Work is to be performed all labor, materials, equipment, tools and supervision necessary to complete the Subcontract Work in strict conformity with the specifications, and Subcontractor shall bear all items of expense for these items.
- (b) Subcontractor shall make no changes in the Specifications without AIT's written consent and shall not substitute materials for those specified without AIT's written approval.
- (c) Subcontractor may not subcontract any portion of the Subcontract work without AIT's express prior written consent to the subcontractor chosen and the scope of the subcontracted work.
- (d) Subcontractor may not incur travel or other direct costs without prior written approval by AIT. AIT is not required to reimburse costs that were not approved in advance, in writing.

30. Setoffs/Backcharges

AIT may in addition to any other amounts to be retained hereunder, retain from any sums otherwise owing to Subcontractor amounts sufficient to cover the full costs of any of the following:

- (a) Subcontractor's failure to comply with any provision of this Subcontract or Subcontractor's acts or omissions in the performance of any part of this Subcontract, including, but not limited to, violation of any applicable law, order, rule or regulation, including those regarding safety, hazardous materials or environmental requirements;
- (b) Correction of defective or nonconforming work by redesign, repair, rework or replacement or other appropriate means when Subcontractor states, or indicates, that it is unable or unwilling to proceed with correction action in a reasonable time to support AIT's in-yard production need; and/or

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- (c) AIT may in addition to any other amounts to be retained hereunder, retain any sums otherwise owing to Subcontractor amounts sufficient to cover the full costs of any of the following:
- (d) The cost of backcharge work shall include:
 - (i) Incurred labor costs including all payroll additives;
 - (ii) Incurred net delivered material costs;
 - (iii) Incurred lower-tier supplier and Subcontractor costs directly related to performing the corrective action;
 - (iv) Expediting costs beyond those normally provided in the normal course of the Subcontract when required to meet the delivery schedule;
 - (v) Application of relevant manufacturing and material overhead and SG&A expense to the work performed by AIT.

31. Standard of Performance

- (a) Subcontractor shall perform the Subcontract Work using reasonable diligence, exercising its best judgment, and using the care and skill ordinarily used by reputable similar persons or entities in providing the same or similar services under similar circumstances. Subcontractor is on notice that AIT is relying on the care, skill, diligence and judgment exercised by Subcontractor in performing the Subcontract Work.
- (b) The Subcontract Products and their components shall be new (not used or reconditioned), of suitable grade of their respective kinds for their purpose, and not of such an age or so deteriorated as to impair their usefulness or safety. If Subcontractor intends to provide used or reconditioned Subcontract Products, Subcontractor shall notify AIT in writing and obtain advanced written authorization from AIT to use such used or reconditioned Subcontract Products.
- (c) For Subcontract Products with a manufacturer's specified expiration date, Subcontractor shall clearly mark the expiration date or the manufacture date on each individual item in each carton or box. Each carton or box shall contain Subcontract Products with only one expiration date. Subcontractor shall ship such Subcontract Products timed to arrive on AIT's receiving docks with no less than eighty-five percent (85%) of the specified shelf life remaining unless otherwise approved in writing by AIT.
- (d) Subcontractor shall only purchase Subcontract Products: (i) directly from the Original Component Manufacturer (OCM) or Original Equipment Manufacturer (OEM); or (ii) from a distributor or other source that purchases directly from the OCM or OEM and is authorized, franchised or certified by the OCM or OEM. Upon AIT's request, Subcontractor shall furnish full information concerning the origin, quality and condition of the components of the Subcontract Products.
- (e) For Subcontract Products, if the words "or equal" are used in the Purchase Order or Specifications, proposed "equals" must be approved by AIT in its sole discretion in writing prior to Subcontractor delivering the same to AIT.

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- (f) Design services required by this Subcontract shall be performed by qualified engineers and other design professionals, who are properly licensed.
- (g) Subcontractor shall provide and maintain a commercially reasonable quality control system that complies with the quality control requirements of this Subcontract and the Prime Contract. Records of all quality control inspection work by Subcontractor shall be kept complete and available to AIT on request. For shipboard work, this means that Subcontractor shall maintain an approved NAVSEA "Quality System" in accordance with NAVSEA Technical Specification 9090-310(F (or current series)); and all NAVSEA Standard Items.
- (h) Subcontractor shall notify AIT of any facts or occurrence that may increase the cost of, or time required for, performance of this Subcontract or which may cause the Subcontract Work to fail to conform to this Subcontract. Subcontractor shall provide such notice within three (3) business days of the manifestation of such facts or occurrence.
- (i) During performance of the Subcontract Work, Subcontractor shall keep its work area clean, orderly, and reasonably free of debris.
- (j) All shipboard work shall be performed in accordance with the requirements of the "General Specification for Overhaul of Surface Ships (GSO)" (NAVSEA S9AA0-AB-GOS-010); NAVSEA Technical Specification 9090-310(F (or current series)); and all NAVSEA Standard Items.
- (k) All welding and non-destructive testing of welding shall be performed in accordance with MIL-STD-1689A, "Requirements for Fabrication Welding and Inspection" and applicable American Welding Society (AWS) Structural Welding Codes.
- (l) Fire watches shall be utilized for all hot work. All fire watches shall be certified in accordance with the requirements of NAVSEA Technical Specification 9090-310(F (or current series)) and applicable NAVSEA Standard Items. Fire watches for shore site work shall be certified in accordance with local fire code requirements. At a minimum, the Subcontractor shall provide fire watches for the performance of all hot work, i.e., welding, cutting, and grinding. Two (2) certified fire watches shall be provided during each day of hot work. Fire watching duties shall include adjacent boundary compartments. The fire watches shall be responsible for providing all fire suppression devices/equipment required for the performance of their duties. Work Authorization Forms shall be submitted, and approval obtained, prior to the commencement of hot work operations.
- (m) Painting shall be performed in accordance with GSO-2000, Section 631 and the ICD/SID requirements. At a minimum, all surfaces disturbed during work shall be painted. This includes opposing boundary surfaces affected by hot work. Work Authorization Forms shall be submitted, and approval obtained, prior to the commencement of any painting.

32. Stop Work Order

AIT may at any time, by written notice, stop all or any part of the Subcontract Work. Upon receipt of such notice, Subcontractor shall take all reasonable steps to eliminate the incurrence of costs during the period of work stoppage. AIT, at its option, may cancel or amend any stop work order. FAR 52.212-13, Stop Work Order, is hereby incorporated by reference and defines the exclusive rights and remedies of Subcontractor in the event of a Stop Work Order.

33. Submittals and Approvals

- (a) Subcontractor shall promptly submit to AIT all documents that require AIT's review and approval, and AIT shall promptly approve or reject Subcontractor's submittals.
- (b) Approvals provided by AIT under this Subcontract, however, shall not relieve Subcontractor of its obligation to comply with all terms of this Subcontract and shall not impose upon AIT any obligation or liability that AIT would not have had in the absence of such approvals.

34. Survival

If this Subcontract expires, is completed or is terminated, Subcontractor shall not be relieved of those obligations contained in the following provisions:

- Part A:
 - Acceptance, Integration and Modification
 - Compliance with Law
 - Confidentiality
 - Disputes
 - Ethics
 - Export Control Compliance and Cooperation
 - Indemnity
 - Insurance
 - Limitation of Liability
 - Non-solicitation of employees
 - Notices
 - Property Rights in Subcontract Work and Data
 - Reporting Requirements
 - Setoffs/Backcharges
 - Survival
 - Termination
 - Third Party Rights

35. Termination

- (a) AIT may terminate this Subcontract for convenience at any time, but shall provide Subcontractor with at least ten (10) days' prior written notice of such termination. In the event of such termination for convenience, AIT shall pay Subcontractor for Subcontract Work properly performed up to the date of termination.

- (b) AIT may terminate this Subcontract for default if Subcontractor:
 - (i) fails to perform the Subcontract Work in accordance with the delivery schedule (as set forth in the Time of Performance section of these Terms and Conditions) or in such a manner as to unreasonably endanger timely performance of the Prime Contract;
 - (ii) ceases performance prior to completion of this Subcontract;
 - (iii) evidences insolvency or financial inability to perform; or
 - (iv) fails to cure the material breach of any other provision of this Subcontract within ten (10) days of notice of such breach.

- (c) In the event AIT terminates this Subcontract in whole or in part for default, AIT may procure, upon such terms and in such manner as AIT may reasonably determine, services similar to the Subcontract Work and/or products similar to the Subcontract Products specified herein, and Subcontractor shall be liable to AIT for any excess costs for such similar services and/or products. If this Subcontract is terminated only in part, Subcontractor shall continue the performance of this Subcontract to the extent not terminated.

- (d) Upon termination of this Subcontract, Subcontractor shall immediately cease performance of the Subcontract Work; shall immediately return to AIT all information, materials and documents acquired from AIT; and shall immediately provide to AIT all information, materials and documents prepared or developed by Subcontractor in connection with performance of this Subcontract.

36. Third Party Rights

This Subcontract is intended solely for the benefit of AIT and Subcontractor and is not intended for the use or benefit of any other party. Except as set forth in the Indemnity Section, nothing contained in this Subcontract is intended to make any person or entity that is not a signatory to this Subcontract a third party beneficiary of any right created by this Subcontract.

37. Time of Performance

Subcontractor shall perform this Subcontract in a diligent manner and in no event later than the time(s) specified on the face of the Purchase Order or the Specifications. **Time is of the essence** in the performance of this Subcontract. If at any time it reasonably appears to AIT that Subcontractor is failing to make progress, such that performance may not be completed in accordance with the delivery schedule, Subcontractor shall, within seven (7) days of a written request by AIT, assure timely performance and represent to AIT in writing Subcontractor's best completion date. If the represented completion date is not in accordance with the delivery schedule, AIT may terminate this Subcontract for default in accordance with the Termination section. AIT shall further have the right, but not the duty, and without waiver of any other rights and remedies that it may have, to extend the time for completion of performance. The new date for completion of performance shall be final, of the essence of this Subcontract, and subject to further change only in accordance with this Subcontract.

38. Warranty

- (a) Subcontractor expressly warrants that all Subcontract Work shall conform to this Subcontract and be performed in a proper and workmanlike manner and shall be free of all defects in design, material, workmanship and fabrication for a period of ninety (90) days from acceptance by AIT. If any nonconformities or defects are discovered in the Subcontract Work or the Subcontract products during this warranty period, Subcontractor shall repair, replace or re-perform any nonconforming or defective Subcontract Work at Subcontractor's sole expense within ten (10) days of AIT's written notice. If Subcontractor has not repaired, replaced or re-performed such nonconforming or defective Subcontract Work within the ten (10)-day period, AIT may repair, replace or re-perform such nonconforming or defective Subcontract Work or Subcontract Products at Subcontractor's expense.
- (b) Subcontractor hereby assigns to AIT all warranties provided by the manufacturers of all Subcontract Products and their components.
- (c) Subcontractor expressly warrants that any rental property delivered under this Subcontract shall be in first class condition, in good working order, in conformance with this Subcontract, and equipped with all required safety devices as to operate properly and render safe, efficient, economical and continuous service. If the rental property fails to operate properly or fails to render safe, efficient, economical and continuous service at any time during the term of this Subcontract, AIT shall so notify Subcontractor, and immediately upon such notification Subcontractor shall, at Subcontractor's sole expense, either: (i) retrieve the rental property and replace it with properly operating and satisfactory equivalent rental property; or (ii) make or pay for such repairs or maintenance as may be necessary to restore the rental property to properly operating and satisfactory condition. AIT shall not be responsible for payment of the Subcontract Price for any period during which the rental property is out of service owing to its failure to operate properly or failure to render safe, efficient, economical and continuous service, unless such failure is directly caused by AIT's negligence or intentional misconduct in the use or operation of the rental property.
- (d) Subcontractor expressly warrants that it has good title to the rental property and the right to enter into this Subcontract. AIT shall not be required under any circumstances to surrender the rental property or pay any portion of the Subcontract Price to any person or entity other than Subcontractor pursuant to any lien, levy, attachment, writ or execution, court order, judicial sale, or any other legal process.

PART B: PERFORMANCE AT AIT'S FACILITIES

In the event that Subcontractor, its employees, agents or subcontractors (including delivery persons and rental equipment), enters any facility owned, leased or operated by AIT, Subcontractor shall comply with the following additional terms and conditions. Performance at AIT's facilities includes, but is not limited to, delivery of the Subcontract Products, rework and guarantee work, rental property to Lessee's facilities, retrieval of rental property from Lessee's facilities, and the performance of repair and maintenance of the rental property at Lessee's facilities.

1. **Clean-Up of Work Site**

Upon completion of the Subcontract Work or earlier termination of this Subcontract, Subcontractor shall remove all of Subcontractor's tools and equipment from AIT's facilities. Subcontractor shall also dispose of any debris, garbage or other waste material, including excess materials, scrap and equipment used or generated in performance of this Subcontract, in the appropriate receptacles at AIT's facilities, or as otherwise specified in the Subcontract. Subcontractor shall be liable for and shall pay to AIT, upon demand, all costs of disposal or removal of tools, materials or equipment not so removed.

2. **Environmental**

- (a) Subcontractor must communicate the AIT's Environmental, Health, and Safety policy and all applicable environmental requirements to workers who will perform work on behalf of the AIT before they perform such work or arrive at any of AIT's facilities. This must be documented by the Subcontractor and be available upon request from the AIT.
- (b) Subcontractor shall comply with AIT's written environmental policies, procedures and requirements, and with all federal, state and local environmental laws and regulations, including without limitation, those regarding the use of any hazardous substances, and shall be responsible for all hazardous waste generated by Subcontractor and its subcontractors during the performance of this Subcontract.
- (c) Subcontractor shall inform AIT of all hazardous waste generated at AIT's facilities and shall cooperate with AIT in disposing of such waste as directed by AIT. Subcontractor shall bring to the immediate notice of AIT any risk to the environment which Subcontractor has reason to believe has not been adequately assessed and is not under adequate control, in such a manner as to allow AIT to take appropriate and timely action to prevent potential environmental harm or other losses. Any failure to perform these obligations shall be an immediate material default under this Subcontract not subject to any cure period.
- (d) Subcontractor's environmental management system or program shall incorporate measures which reasonably demonstrate that its employees are competent to perform their tasks, with due regard for the need to protect the environment and ensure that hazards to the environment have been eliminated, where possible, or are being controlled through formal planning methods and procedures.

3. **Safety**

- (a) The safe conduct and health of all persons employed by Subcontractor or its subcontractors and suppliers shall be the sole responsibility of Subcontractor. Subcontractor shall take all reasonable precautions to protect the health and safety of its employees and others working on its behalf and to minimize danger from all hazards to life and property. Subcontractor shall comply with all applicable federal, state, and local laws and regulations, including without limitation health, safety and fire protection laws and regulations. Subcontractor shall also comply with AIT's health and safety policies and procedures (copies of which are available at AIT's Safety Department). Subcontractor

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is solely responsible for informing itself of the requirements of federal, state, and local regulations, policies and procedures, and training its employees. Said training shall be documented by the Subcontractor and copies of such document made available to AIT upon request.

- (b) AIT shall have the right to immediately require Subcontractor to stop work to avoid or mitigate a situation which AIT reasonably believes to pose a safety hazard or remove or reassign any of Subcontractor's employees or subcontractors whose conduct is determined by AIT, in its sole discretion, to pose an unacceptable safety hazard. Such conduct shall include, but shall not be limited to, conduct which is in violation of any applicable safety-related law, regulation, or rule. Subcontractor shall have no right to an equitable adjustment in the delivery schedule or Subcontract Price for work stoppages or personnel actions necessitated by the unsafe conduct of Subcontractor or its employees or subcontractors.
- (c) Subcontractor shall comply with AIT's health and safety policies and procedures (copies of which shall be made available at the AIT's Safety Department) and ensure that its employees and subcontractors comply with them as well. Under no circumstances shall compliance with AIT's safety policies and procedures, alone, be considered complete satisfaction of the requirements of this Section.
- (d) Subcontractor's occupational health and safety management system shall incorporate measures which demonstrate that its employees are competent to perform their tasks safely and ensure that hazards to health and safety have been eliminated, where possible, or are being controlled through formal planning methods and procedures. Further, Subcontractor must send at least one supervisory or managerial employee with health and safety responsibilities as a representative to AIT's safety meetings as and when directed by AIT's Safety Department.
- (e) Subcontractor shall complete the following prior to commencement of the Subcontract Work:
 - (i) Provide to AIT's Safety Department the name, telephone number and title or position of the Subcontractor's Health and Safety Representative,
 - (ii) Subcontractor's Safety Representative, together with equivalent representatives of Subcontractor's subcontractors or suppliers who are expected to perform at the Facilities, shall meet with AIT's Health and Safety Manager or designee to review applicable safety policies and procedures,
 - (iii) Provide to AIT's Safety Department a copy of Subcontractor's written Injury and Illness Prevention Program,
 - (iv) Submit for approval by AIT's Safety Department a copy of all Safety Data Sheets ("SDSs") for all chemical compounds that Subcontractor anticipates using in performing Subcontract Work at AIT's facility,
 - (v) Subcontractor's designated managerial/safety leadership representative who will direct safety compliance at AIT's facility shall complete AIT's subcontractor safety

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training program and complete acknowledgement documentation of Subcontractor's responsibilities with regard to safety, health, and fire protection, and

- (vi) Demonstrate its compliance with the requirements of 29 CFR 1910.1200.
- (f) All equipment used by Subcontractor to perform any Subcontract Work at AIT's facility shall conform to all federal, state, and local safety, health, and fire protection standards.
- (g) Subcontractor shall ensure that its employees, subcontractors' and suppliers' employees performing Subcontract Work at AIT's facility are properly trained in all applicable federal, state, and local health, safety and fire protection laws and regulations and AIT's health and safety policies and procedures.
- (h) Subcontractor shall report all recordable occupational injuries or illnesses occurring at AIT's facility during performance of the Subcontract Work in accordance with the following procedures:
 - (i) Subcontractor shall make an initial report to AIT's Safety Department as soon as the incident is known to Subcontractor. This report shall consist of the name of the injured person, place of occurrence, nature of the injury, and a description of the incident. This report can be made orally by telephone call to (757) 416-7400 or by personal visit to AIT's Safety Department, and
 - (ii) Subcontractor shall submit a written report in the form of a formal accident investigation report, within twenty-four (24) hours of the incident.
- (i) Subcontractor shall provide appropriate personal protective equipment to its own employees and ensure that its employees and subcontractors comply with all of AIT's personal protective equipment rules, policies, and procedures, and the instructions of AIT's Safety Department regarding personal protective equipment. Compliance with AIT's rules and instructions shall not relieve Subcontractor of its obligations to ensure that all of its employees and subcontractors use personal protective equipment that is appropriate for the circumstances at all times.

4. Security

Subcontractor shall comply with AIT's security policies and procedures regarding personnel access, vehicle operations, and general security practices.

5. Treatment at AIT's Medical Facilities

AIT shall have no obligation to furnish medical treatment to Subcontractor's or Subcontractor's subcontractor's employees while such employees may be working in AIT's facilities.

6. Use of AIT's Equipment

Subcontractor shall not use, or permit any third party to use, any of AIT's equipment, tools, devices, apparatus or property ("AIT's Equipment") without AIT's express, written consent. If AIT so consents, Subcontractor shall ensure that only qualified and properly trained persons use

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AIT's Equipment and those persons obey all of AIT's applicable use procedures and requirements and all applicable federal, state and local laws and regulations. If AIT so consents, AIT's Equipment is provided "as-is," with no warranty, express or implied, as to its merchantability, fitness for any particular purpose, current condition, or prior maintenance history. Subcontractor is responsible for all risk of loss of or damage to AIT's Equipment used by Subcontractor.

APPENDIX A:
CLAUSES INCORPORATED BY REFERENCE

FAR 52.203-2	Certificate of Independent Price Determination (APR 1985)
FAR 52.203-6	Restrictions On Subcontractor Sales To The Government SEP 2006
FAR 52.203-7	Anti-Kickback Procedures (May 2014)
FAR 52.203-12	Limitation on Payments to Influence Certain Federal Transactions (Oct 2010)
FAR 52.203-15	Whistleblower Protections Under the American Recovery and Reinvestment Act of 2009 (Jun 2010)
FAR 52.204-2	Security Requirements (Aug 1986)
FAR 52.204-9	Personal Identity Verification of Subcontractor Personnel (Jan 2011)
FAR 52.204-21	Basic Safeguarding of Covered Subcontractor Information Systems (Jun 2016)
FAR 52.209-6	Protecting the Government's Interest When Subcontracting With Subcontractors Debarred, Suspended, or Proposed for Debarment (Oct 2015)
FAR 52.215-14	Integrity of Unit Prices OCT 2010
FAR 52.222-1	Notice to Government of Labor Disputes (Feb 1997)
FAR 52.222-4	Subcontract Work Hours and Safety Standards—Overtime Compensation (May 2014)
FAR 52.222-20	Subcontracts for Materials, Supplies, Articles, and Equipment Exceeding \$15,000 (May 2014)
FAR 52.222-21	Prohibition of Segregated Facilities (Apr 2015)
FAR 52.222-26	Equal Opportunity (Sep 2016)
FAR 52.222-35	Equal Opportunity for Veterans (Oct 2015)
FAR 52.222-36	Equal Opportunity for Workers with Disabilities (July 2014)
FAR 52.222-37	Employment Reports on Veterans (Sep 2010)
FAR 52.222-40	Notification of Employee Rights under the National Labor Relations Act (Dec 2010)
FAR 52.222-50	Combating Trafficking in Persons (Mar 2015)
FAR 52.222-51	Exemption from Application of the Service Subcontract Labor Standards to Subcontracts for Maintenance, Calibration, or Repair of Certain Equipment--Requirements MAY 2014 (if subcontract involves services related to commercial items)
FAR 52.222-53	Exemption from Application of the Service Subcontract Labor Standards to Subcontracts for Certain Services--Requirements MAY 2014 (if subcontract involves services related to commercial items)
FAR 52.222-54	Employment Eligibility Verification OCT 2015 (if subcontract involves services (other than services customarily provided as part of purchase of COTS items) and its value is greater than \$3500)

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FAR 52.222-55	Compliance with Labor Laws (Executive Order 13673) (Oct 2016), unless the Subcontract is less than \$500,000 or is for commercially available off-the-shelf items.
FAR 52.222-59	Paycheck Transparency (Executive Order 13673) (Oct 2016), unless the Subcontract is less than \$500,000 or is for commercially available off-the-shelf items.
FAR 52.222-60	Paid Sick Leave Under Executive Order 13706 (Jan 2017) (E.O. 13706), if the Subcontract is subject to the Service Subcontract Labor Standards statute.
FAR 52.222-62	Privacy Training (Jan 2017) (5 U.S.C. 552a) if the subcontractor will have access to personally identifiable information
FAR 52.223-6	Drug-Free Workplace (May 2001)
FAR 52.223-15	Energy Efficiency in Energy-Consuming Products (Dec 2007)
FAR 52.223-18	Encouraging Subcontractor Policies To Ban Text Messaging While Driving (Aug 2011)
FAR 52.224-1	Privacy Act Notification (Apr 1984)
FAR 52.224-2	Privacy Act (Apr 1984)
FAR 52.224-3	Minimum Wages under Executive Order 13658 (Dec 2015), if the Subcontract is subject to the Service Subcontract Labor Standards statute.
FAR 52.225-1	Buy American Act—Supplies (May 2014)
FAR 52.225-5	Trade Agreements (Oct 2016)
FAR 52.225-13	Restrictions on Certain Foreign Purchases (Jun 2008)
FAR 52.227-1	Authorization and Consent DEC 2007
FAR 52.227-2	Notice And Assistance Regarding Patent And Copyright Infringement DEC 2007
FAR 52.227-14	Rights in Data—General (May 2014)
FAR 52.228-5	Insurance—Work on a Government Installation (Jan 1997)
FAR 52.232-40	Providing Accelerated Payments to Small Business Subcontractors (Dec 2013)
FAR 52.237-2	Protection of Government Buildings, Equipment, and Vegetation (Apr 1984)
FAR 52.244-6	Subcontracts for Commercial Items (Jan 2017)
FAR 52.245-1	Government Property JAN 2017 (references to "Government" remain unchanged, "Subcontractor" is substituted for "Subcontractor")
FAR 52.247-63	Preference For U.S. Flag Air Carriers JUN 2003
FAR 52.247-64	Preference for Privately Owned U.S.-Flag Commercial Vessels (Feb 2006)
FAR 52.248-1(a)-(d), (m)	Value Engineering (OCT 2010) (AIT will pass on to Subcontractor 90% of net acquisition savings that AIT receives from the Government for any Subcontractor VECP)
DFARS 252.203-7001(a)-(f)	Prohibition On Persons Convicted of Fraud or Other Defense-Subcontract-Related Felonies DEC 2008 (if subcontract is not for commercial items)
DFARS 252.204-7000	Disclosure Of Information OCT 2016

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DFARS 252.204-7012	Safeguarding of Unclassified Controlled Technical Information (Oct 2016)
DFARS 252.204-7015	Disclosure of Information to Litigation Support Subcontractors (May 2016)
DFARS 252.223-7006	Prohibition on Storage And Disposal Of Toxic And Hazardous Materials-Basic (Sep 2014)
DFARS 252.223-7008	Prohibition of Hexavalent Chromium (Jun 2013)
DFARS 252.227-7037	Validation of Restrictive Markings on Technical Data SEP 2016
DFARS 252.244-7000	Subcontracts for Commercial Items and Commercial Components (Jun 2013), if this Subcontract is for commercial items only
DFARS 252.246-7003	Notification of Potential Safety Issues JUN 2013 (notice of potential safety issues must be issued by subcontractor in accordance with Paragraph (c) to both AIT's Project Manager and to the Government's ACO and PCO)
DFARS 252.246-7007	Subcontractor Counterfeit Electronic Part Detection and Avoidance System (Aug 2016)
DFARS 252.247-7023	Transportation of Supplies by Sea APR 2014
DFARS 252.247-7024	Notification Of Transportation Of Supplies By Sea MAR 2000