



Unclassified

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Procurement from Suppliers and Distributors

General Procurement Terms of Israel Aerospace Industries Ltd. And ELTA Systems Ltd.

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Ben Gurion Intl 7010000

www.iai.co.il

Israel Aerospace Industries
Ltd

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General Procurement Terms

1. Definitions

- 1.1. **Order** – the order form issued by the Customer, these General Procurement Terms and the Special Terms (defined below) (if any) and any and all other documents attached to any of the aforesaid.
- 1.2. **General Procurement Terms** – The terms and conditions set forth herein.
- 1.3. **Special Terms** – additional terms, which add to, qualify or detract from the General Procurement Terms and those enumerated in the order form, insofar as such special terms were attached to the Order.
- 1.4. **Customer** – Israel Aerospace Industries Ltd. or ELTA Systems Ltd.
- 1.5. **Supplier** – the person/corporation contracting with the Customer according to the Order.
- 1.6. **Parties** – the Customer and the Supplier
- 1.7. **Product** – anything ordered according to the Order including goods, products, raw materials, labor, services and Knowhow.
- 1.8. **Customer's Website** – <http://www.iai.co.il>
- 1.9. **Customer's Suppliers Website** –
http://www.iai.co.il/2013/11322-en/Suppliers_Net_Homepage.aspx

2. Preamble

- 2.1. The Order will enter into effect once one of the conditions listed below is met, whichever is earlier: return of the Order signed by the Supplier to the Customer and/or its approval in the Customer's systems by the Supplier.



- 2.2. In the event of a contradiction and/or non-conformity between the General Procurement Terms and the Special Terms, the provision of the Special Terms shall prevail.
- 2.3. The Order will apply exclusively to the engagement between the Customer and the Supplier.
- 2.4. The Order includes the General Procurement Terms and their appendices, including the specification(s), SOW, drawings and any additional document, which was attached to the Order explicitly or by reference in the body of the Order. For the avoidance of doubt, the Supplier's offer and/or correspondence between the Customer and the Supplier do not form part of the Order unless explicitly stated by the Customer in the Order.

3. Supplier's Representations

- 3.1. The Supplier hereby represents and warrants that it is qualified to execute this Order and that it has the know-how, professionalism, resources, permits, licenses and certifications required by the Customer and meets the standards required to fulfill the provisions of this Order.
- 3.2. The Supplier represents that it has the required business licenses to place the Order.
- 3.3. The Supplier confirms and agrees that the conditions of the Order as issued by Customer are the full, sole, final and binding conditions between the Parties. No change, deletion or addition may be made by the Supplier and any attempt to do so will be void ab initio. Any such change, deletion or addition must be agreed in writing by the authorized representatives of both Parties.

4. Placing an Order

- 4.1. The Product supplied to the Customer will be as specified in the Order only.



4.2. The Supplier undertakes to manufacture/purchase the equipment and/or materials and/or tools (including dedicated devices and spare parts) required to execute the Order, unless otherwise explicitly stated in writing in the Order.

5. Packaging & Shipping

5.1. Packing the Product, loading it and delivery to the Customer are the responsibility of the Supplier and will be carried out by it and at its expense, unless otherwise agreed in advance and in writing. In the absence of an explicit instruction in the Order regarding the packaging method required of the Supplier, the Supplier will pack the items according to the accepted commercial practice for packing items of the same type, while ensuring the integrity of the Product during transportation and storage. The Supplier will mark the Order number on the package with a barcode in accordance with the Customer's instructions. Packages containing hazardous materials will be transported subject to a hazardous materials permit. Packaging requiring special transportation/storage will be marked as required by the relevant standard and/or law and/or the Customer's instructions. In addition, the Supplier shall act in accordance with the provisions of subsection 35.2 below.

5.2. Each package will be accompanied by a list of items of the goods packaged in it. The delivery note from the Supplier to the Customer will include the Order number, quantity and description of the items, confirmation of the inspection of the items before packing them, including a report on the necessary tests performed and all documents required pursuant to the Order and/or required by the Customer for the use of the Product.

5.3. The Customer may update, at any time, the terms of packaging and delivery.



6. Changes

- 6.1. From time to time, the Customer may provide the Supplier with a demand for changes in any matter related to the Order, and the Supplier will immediately commence making the changes, subject to the provisions of this section below.
- 6.2. Any requirement to change the Order will be made in writing only through the relevant IAI purchasing representative and will have attached the relevant document (a design change will be made on a drawing, model or specifications and a quantity change will be made by an update in the Order).
- 6.3. The Supplier shall notify the Customer, within seven (7) days of receipt of the demand for changes, of the adjustments required to the schedule and price, if any (including price reductions and/or shortening schedules).
- 6.4. The Supplier will immediately start making the changes even if the Parties have not yet agreed on the price and schedule adjustments. The Parties will negotiate in good faith the implications of the changes on the schedule and price.
- 6.5. At any time up to six (6) months from the date of last delivery, the Customer may require the Supplier to increase the quantity Ordered by up to 20% of the quantity set in the Order, without an increase in the price of the Product. All other conditions of the Order shall remain in place, and shall also apply to the additional quantity Ordered under this section.

7. Delivery

- 7.1. The Supplier will deliver the Product to the Customer at the place and time specified in the Order and will transfer it to the Customer's possession. Completion of delivery and transfer of ownership of the Product to the Customer will be carried out with the Customer's signature on the delivery certificate. The delivery of the Product and the signature on the delivery certificate do not constitute confirmation that the Product or that the Supplier meets the requirements of the Order.



- 7.2. The Product will be delivered to the Customer along with a delivery certificate, which will specify the Order number and the number of units supplied.
 - 7.3. In the case of a Product that requires attaching a material safety data sheet (MSDS), an updated MSDS will be provided to the Customer in accordance with the provisions of the relevant law.
8. Meeting the Schedule; Change/Delay in Schedule
- 8.1. The Supplier's compliance with the schedule set in the Order is a fundamental term of the Order. It is emphasized that compliance with the schedule means not only delivery of the Product on the specified date, but also the Product's compliance with the requirements of the Order and the provisions of any law.
 - 8.2. The Supplier shall meet the schedule, including by adding shifts, personnel, prioritizing and fast deliveries and at its own expense.
 - 8.3. In the event of a delay or expected arrears of the Supplier in the schedule, the Supplier shall immediately notify the Customer in writing of the delay in the schedule and/or the requested change in the schedules and specify the reasons. Without derogating from the aforesaid, in any case of late supply and/or expected delay in supply in accordance with the schedule according to the Order the Supplier shall, at the request of the Customer, and for its approval, within five (5) days, submit a plan detailing all the actions it will take in order to prevent and/or reduce the delays, including updated delivery dates, for approval by the Customer.
 - 8.4. Giving notice to the Customer and/or providing such plan to the Customer and/or the aforementioned approval of the Customer shall not derogate from the Supplier's obligation to meet the schedules set forth in the Order (insofar as they have not been updated with the Customer's approval) and/or derogate from the rights of the Customer according to the Order.



9. Liquidated Damages for Late Delivery

- 9.1. If the Supplier does not supply the Product by the dates specified in the Order, the Customer may deduct from the payment to the Supplier, as a fixed and pre-agreed liquidated damages, a total of half a percent (0.5%) of the value of the delayed Product for each week of delay and up to ten percent (10%) of the value of the delivery in delay.
- 9.2. It is clarified that with regard to the calculation of the delay period, part of a day will be considered as a day. The count of days will begin from the day following the original delivery date.
- 9.3. The right of the Customer to such liquidated damages is in addition to any relief and/or remedy available to it according to the Order and/or according to any law, and this compensation shall not derogate from any relief and/or remedy available to it as aforesaid.

10. Postponement and Advance of Schedules

- 10.1. The Customer may set later dates for deliveries and other activities required under the Order and change the schedule under the Order accordingly at no additional cost to the Customer.
- 10.2. In coordination with the Supplier, the Customer may accelerate the delivery schedule, at no additional cost to the Customer. Such acceleration shall be made only if the original specified date for delivery falls less than sixty days from the date of the acceleration notice to the Supplier. The Customer shall be entitled to request a change that accelerates the schedule not in accordance with this paragraph and in such case, the provisions of subsection 6.3 above shall apply to the updates required to the schedule and price.



11. Termination/Stop Work by the Customer

- 11.1. The Customer may demand by written notice that the Supplier stop the execution of the Order for a period of up to ninety (90) days from the date of delivery of such notice to the Supplier, as well as for any additional period of time as may be agreed between the Parties.
- 11.2. The Customer may instruct the Supplier by written notice to resume the work under the terms of the Order or cancel the Order due to convenience or default (as stated in Sections 25 and 24 below), as the case may be.

12. Acceptance Test

- 12.1. The Customer may inspect the Product at the Supplier's premises and/or upon receipt by the Customer and accept or reject the Product following its inspection (hereinafter: "**Acceptance Test**"). The performance of the Acceptance Test does not derogate from the right of the Customer to reject the Product at a later date if it is discovered that the Product and/or part thereof did not meet the requirements of the Order and such non-conformity was not discovered during the examination of the Product and/or due to a latent defect. The acceptance or rejection of the Product does not derogate from any right of the Customer according to the Order and/or law. For the avoidance of doubt, acceptance does not constitute confirmation by the Customer to the Supplier that the Supplier has met its obligations to the Customer.
- 12.2. If a Defect is discovered (as the term is defined in section 13 below, including a non-conformity as stated therein) in the Product and/or part thereof (hereinafter: the "**Defective Item**") during the performance of the Acceptance Test, the Customer may choose one of the following options:
- I. Reimbursement of the Customer for the price of the Defective item if its price has been paid.



- II. Repair of the Defective Item or its replacement with a new Product by the Supplier and at the Supplier's expense.
- III. Repair of the Defective Item by the Customer itself and/or through a third party, at the Supplier's expense.
- IV. Retention of the Defective Item by the Customer (rather than returning it to the Supplier), in which case, the Customer will pay a discounted price for this item.

12.3. The Supplier will inspect the Defective Item, report the source of the defect to the Customer and carry out corrective and preventive action within fourteen (14) days from the date of receipt of the Defective Item to its possession.

12.4. Marking any payment to the Supplier does not constitute any approval by the Customer to the Supplier or waiver of any other right granted to Customer under the Order and/or under any law.

12.5. Nothing in this section shall derogate from the Supplier's liability for the Product, including according to Section 13 below.

13. Supplier's Liability

13.1. The Supplier shall be liable for any malfunction and/or defect and/or non-conformity and/or unsuitable expiry date and/or fault and/or error (each hereinafter: "**Defect**") discovered in the Product and/or part thereof (including in the services/work ordered or any part thereof), during the warranty period as defined below.

13.2. The Supplier undertakes to repair or replace, at its own expense, at the Customer's choice, any Product or part thereof in which a Defect was discovered (as defined above, including non-conformity as stated herein), and in the case of work, to perform the work until its completion to the Customer's satisfaction, and to compensate the Customer for the full damage or loss caused or to be caused to it by reason of the Defect. The Supplier shall fulfill this obligation in the shortest possible time and at most within fourteen (14) days (or any other date approved by the



Customer) from the date of Customer's notice or from the date of receipt of the defective Product by the Supplier, whichever is earlier.

- 13.3. The Supplier shall correct any Defect (including error) in the documents within ten (10) days from the date of the Customer's notice.
- 13.4. The Supplier's warranty will be for a period of twelve (12) months starting from the date of delivery of the Product to the Customer's customer or eighteen (18) months from the date of receipt of the Product by the Customer, whichever is earlier (hereinafter: the "**Warranty Period**"). The Customer will be entitled to define a different Warranty Period from the above in the Order, upon prior agreement with the Supplier.
- 13.5. In the event of repair and/or replacement of the Product, the Warranty Period will be extended by an additional period, equal to the period of time between the date of the Customer's notice regarding the Defect and the re-delivery of the Product after its repair/replacement to the Customer (including completion of the performance of the work / service as required). In any case, the remainder of the Warranty Period shall not be less than six (6) months from the date of re-delivery of the Product to the Customer after repair/replacement.
- 13.6. If the Defect (as defined above, including non-conformity) cannot be discovered with reasonable inspection, no time limit will apply, and the Supplier's warranty will continue to apply. The provisions of the Sales Law, 5728-1968 regarding latent non-conformities, which limit the rights of the Customer in the event of non-inspection or failure to give such notice, will not apply to the Order.
- 13.7. If the Supplier does not repair or replace the Product within the time period specified above, the Customer may, at its discretion, carry out the repair itself or through a third party, and the Supplier will be obligated to indemnify the Customer for all repair expenses and losses incurred by the Customer as a result.



13.8. The Supplier will be responsible for shipment of the defective Product from the Customer to the Supplier and for its re-delivery to the Customer, all at the Supplier's expense.

13.9. The provisions of this section do not derogate from the rights of the Customer according to the Order or according to any law.

14. Quality

14.1. The Supplier undertakes that the Product will be manufactured with the best know-how, skill and professionalism as customary and required in the defense and aerospace sectors, and will meet all the requirements of the Order and any standard required by the Order, whether or not instructions regarding quality, material, job description or other data pertaining to the Product are prescribed.

14.2. The Supplier will be certified according to AS9100 requirements in its latest version, or at least ISO 9001 requirements in its latest version. The Supplier will perform quality processes to the Customer's satisfaction.

14.3. The Supplier will provide the Customer with all the managerial, technical and engineering information required to verify its compliance with the required quality standard from the Customer's perspective.

14.4. The Supplier undertakes to maintain the certifications for the quality standards that were furnished to the Customer prior to the Order or which it undertook to complete as part of a coordinated process with an approved certification body, throughout the Order lifecycle and at a minimum, until the latest warranty date available for the Product, which the Supplier undertook to provide. The Supplier shall promptly and in writing inform the Customer of cancellation or suspension of its quality certification.

14.5. As part of the Order process, the Supplier undertakes to allow the Customer's quality professionals to carry out quality certification surveys, including:



- I. Transfer of any information, required for the purpose of certification, at the request of the Customer.
 - II. Preparation of the organization of the Supplier for certification survey in accordance with the quality requirements of the Customer.
 - III. Conducting reviews at the request of the Customer, within fourteen (14) days of the Customer's requirement.
 - IV. Accompanying the Customer's quality representatives during the survey.
 - V. Analyzing the survey findings and writing a corrective action plan, if required, which will be approved by the Customer's quality professionals. The Supplier shall correct any non-conformity found in the corrective activity suggested by it and not approved by the Customer.
 - VI. Performing an effectiveness test for corrective activities, according to a schedule to be defined by the Customer. Test results will be reported to the Customer.
- 14.6. The Supplier undertakes to allow the Customer to perform on its premises a product/process test upon demand (throughout the Order lifecycle and until completion of all the Supplier's obligations to the Customer), no later than 48 hours from the date of the Customer's notice to the Supplier.
- 14.7. The Supplier undertakes and acknowledges that the Product to be supplied in accordance with the Order will be new and not reconditioned and/or repaired, unless otherwise agreed in writing.
- 14.8. The documents provided by the Supplier together with the Product (including the work and/or service) will be up-to-date, accurate and without faults and will allow the Customer to install, operate and maintain the Product as specified in the Order.



- 14.9. The documents provided by the Supplier shall include any document, documentation, specific demand for documented information or a report specified by the Customer.
- 14.10. The Supplier will forward the documents in the form defined by the Customer.
- 14.11. The Supplier undertakes to transfer the information and documents in automated systems and processes, to be defined by the Customer and in accordance with the information transfer processes defined by the Customer.
- 14.12. The Supplier will retain the production paperwork for a period of at least seven years from the date of the last delivery.
- 14.13. The Supplier is obligated to purchase raw materials and components and to implement special processes only with suppliers and subcontractors who have been authorized and approved by the Customer. A list of suppliers and subcontractors approved for special processes appears on the Customer's Suppliers Website. Without derogating from subsection 14.22 below, this requirement also applies to the suppliers and subcontractors of the Supplier and the Supplier shall forward this requirement to them.
- 14.14. The Supplier will contract only with subcontractors who have been certified in the technology and/or the special process required for the Product.
- 14.15. Upon the Customer's request, the Supplier will provide the Customer with information about the raw materials it will provide.
- 14.16. The Supplier shall notify the Customer a reasonable time in advance of the expiration of the certification of a supplier and/or subcontractor in a manner that will enable the renewal of the certification and the continuity of the certification.
- 14.17. The Supplier will receive the Customer's approval to contract its main subcontractors / suppliers. "**Main Subcontractor / Main Sub-Supplier**" means a subcontractor / sub-supplier that provides ten percent (10%) or more of the value of the Order. The Supplier will contact the Customer for individual approval, in



writing and in advance, of any engagement with a Main Subcontractor / Main Sub-Suppliers, which were not reported and/or agreed upon in advance as part of the Order.

14.18. The Supplier undertakes to obtain the Customer's approval for any change in:

- I. The place of execution of the work where the Product is manufactured;
- II. The number and capabilities/skills of employees required for the planning and/or production process of the Product for the Customer;
- III. Work processes (including engineering and development, production, maintenance) at the Supplier, as they were at the time of the Supplier's certification for quality by the Customer;
- IV. Testing, calibration, measurement and equipment used for experiments and validation and design verification;
- V. Change in key Supplier functionaries (including quality manager, product project manager, customer service manager for the Customer, system engineer, etc.);
- VI. Structural reorganization;
- VII. Any other changes that may affect the quality of the Product or the quality system of the Supplier.

14.19. The Supplier undertakes to coordinate with the Customer performance of a dedicated survey, in order to renew the quality certification due to any change from those enumerated in Paragraph 14.18 above. Performance of the survey and its scope will be at the discretion of the Customer.

14.20. The Customer's approval for hiring of suppliers and/or subcontractors by the Supplier does not derogate from the Supplier's obligations under the Order and the



Supplier will remain responsible and liable for the Product, at all times, including for the actions of its suppliers and subcontractors.

14.21. The provisions of this section and the actions of the Customer pursuant thereto, including approvals issued by the Customer and/or certifications granted by it, do not derogate from the obligations of the Supplier and/or the rights of the Customer under this Order.

14.22. The Supplier shall include the provisions of this section in its contracts with its subcontractors and suppliers.

15. Handling Non-Conformities

15.1. The Supplier may not approve use of Products that do not meet the specifications and/or quality requirements. Notwithstanding the aforesaid, the Customer reserves the exclusive right, at its sole discretion, to instruct the Supplier to deliver to the Customer such Products, which do not meet the aforementioned requirements.

15.2. In the event of a non-conformity, the Supplier must take the following actions in accordance with the Customer's instructions: (a) cure the non-conformity in order for the Product to conform to the appropriate specifications and drawings and quality requirements, and/or (b) replace the Product in which the non-conformity was discovered with Products that meet all the Customer's requirements. Additional actions related to such non-conformity require the advance written approval of the Customer. In case of replacement, the Supplier must scrap the non-conforming Product (except equipment belonging to the Customer, which the Supplier may not scrap without obtaining the prior approval of the Customer).

15.3. The Supplier must conduct a process to analyze the cause/s of the non-conformity and implement actions to prevent its recurrence.

15.4. If a non-conformity is discovered in the Product (including a service or process), the Supplier will report to the Customer and the matter will be examined by the



Customer's Modification Review Board (MRB). The Customer may, at its discretion, charge the Supplier an amount determined by the Customer for each MRB.

15.5. If non-conforming Products were identified by the Supplier or the Customer, the Supplier will issue a "**Non-Conformity Report**". The Supplier undertakes to conduct a process of identification, investigation and analysis of the reasons and factors that led to the non-conformity, and to implement corrective and preventive actions, to be approved by the Customer. This process will be carried out on dates, by the method, and with documents and according to a mechanism defined by the Customer.

15.6. The Supplier undertakes:

- I. To participate in FRACAS committees, participate in investigations regarding the Product and/or systems in which the Product is installed and in any procedure or process conducted by the Customer vis-à-vis its customers or on its behalf, while providing the required information, including data analysis, recommendations.
- II. To comply with the decisions of such committees and investigations.

15.7. Nothing in this section above shall derogate from the Supplier's obligation (a) to meet the schedules set forth in the Order, (b) the other obligations of the Supplier under the Order or law, and/or (c) rights of the Customer available to it by law and/or according to the terms of the Order.

16. Production Files

16.1. In Build to Spec and/or Build to Print Orders the "**Production File**" means all drawings, design documents, practices, tool design, parts lists, software, coding and burn files, instructions and procedures relating to production, assembly, quality control, acceptance tests and testing of all Products in this Order ordered by the Customer and any other documents required in order to manufacture the Product.



- 16.2. The Production File will be in a format agreed upon in writing by the Parties. The Supplier will maintain a current and detailed Production File and will update it as required and subject to the Customer's approval in case of obsolete components, changes in production processes, changes in materials, tools, etc.. This update will be made no later than sixty (60) days from approval of the change.
- 16.3. At the Customer's request and to ensure performance by Supplier of its obligations, the Supplier will entrust the Production File with a trustee, acceptable to the Customer, after completing the Product adjustment and/or development, in order to enable the Customer to complete the Supplier's obligations in the event that it breaches them for any reason. The mechanism for depositing the File in trust shall be agreed between the Parties within sixty (60) days from the effective date of the Order as stated in subsection 2.1 above.
- 16.4. The Supplier will carry out a process of defining safety items and key features as part of the design, release, procurement and supply process; all, in accordance with the requirements of applicable AS standards.
17. Obsolete Items; Prohibited Raw Materials
- 17.1. The Supplier will manage all information regarding obsolete items vis-à-vis the Customer throughout the Product lifecycle, and will be responsible for transmitting a semi-annual report to the Customer regarding obsolete items in the Products it provides.
- 17.2. The Supplier shall notify the Customer, immediately, in any case that the Product is defined and/or will be defined as obsolete according to its form, fit or function (hereinafter: "**Fit Requirements**"). This notice will be referred to as "**Notice of Obsolete Items.**"



- 17.3. The Supplier undertakes to continue all production capabilities of the Product and/or to provide a replacement Product subject to the Fit Requirements and the Customer's approval.
- 17.4. If the Supplier is unable to supply the Product and/or a replacement Product that meets the Fit Requirements and has been approved by the Customer, the Supplier will perform all the necessary actions, including making a Last Buy of the Product and/or Product component in order to ensure the continuity of supply of the Product. For the avoidance of doubt, the price of the new Product or Product item shall not exceed the current price of the Product or Product item.
- 17.5. The Supplier will accept back all Products returned to the Supplier by the Customer, whether these Products are intended for testing, integration, production or spare parts. Upon receipt of these Products, the Supplier will credit the Customer's account for the amount paid for these Products, and will also indemnify the Customer for any costs incurred as a result of a Notice of Obsolete Items.
- 17.6. The Supplier will immediately notify the Customer of each published obsolete item, in Order to enable the Customer to make a Last Buy of that item. Obsolete components that are not available from the original manufacturer/authorized distributor, will be purchased from a source approved in advance by the Customer. The test reports of such components will be forwarded to the Customer for inspection for approval before use.
- 17.7. If an obsolete item is discovered for which no replacement item has been found, the Supplier will offer a process of adjustment of the Product and/or a technical/engineering change in order to solve the problem of the obsolete item and to preserve the Customer's ability to use the Product and/or maintain it.
- 17.8. The Supplier will update the Customer and immediately stop the supply of Raw Material, the Production or use of which is prohibited by law (in Israel or abroad)



and will provide alternative Raw Material, subject to receiving the Customer's approval. In this section "**Raw Material**", including if the raw material forms part of the supplied Product.

18. Prohibition on Use of Counterfeit Components

18.1. The Supplier will not supply or incorporate Counterfeit Components in the Products supplied to the Customer. "**Counterfeit Components**" means electronic components, electromechanical components, hard metals and accessories not manufactured by their original manufacturers or supplied by an authorized supplier. The Supplier will purchase the components only from original manufacturers, accompanied by original Certificate of Compliance (CoC) or from authorized suppliers of the manufacturers, accompanied by the manufacturer's CoC or CoC accompanied by manufacturer's approval to an authorized supplier.

18.2. If a Counterfeit and/or suspected Counterfeit Component (hereinafter: "**Counterfeit Component**") is found in the Product at any time, including after the end of the warranty period, the Supplier will notify the Customer immediately upon becoming aware of the counterfeit. The Supplier will immediately replace the Counterfeit Component with another component in its place, which meets the requirements of the Order and which has received the Customer's approval (hereinafter: "**Replacement Component**"), without derogating from any other right available to the Customer. The Supplier will bear all direct and indirect costs involved in finding, removing and replacing the Counterfeit Component, including the installation of a Replacement Component.

19. Supervision

19.1. The Customer and/or anyone acting on its behalf may visit, after giving advance notice, at any time and any place where work is carried out in connection with the Order in order to verify:



- I. That the Order is made in accordance with the instructions set forth therein; and/or
- II. Compliance of the Supplier's facilities and operations with the requirements of the law in matters of safety, hygiene and quality, environmental protection and security,

and perform all necessary tests at its sole discretion.

19.2. The Supplier will provide all assistance required to the Customer, including equipment and a suitable place to perform the tests at the Supplier's premises.

19.3. The Supplier shall provide the Customer, at the Customer's request and at least once a quarter, update reports on the progress of the work and other activities required to perform the Order.

19.4. The Supplier shall include the provisions of this section in its contracts with its subcontractors and suppliers and shall maintain appropriate supervision and control processes over them.

19.5. Nothing in this section shall derogate from any obligation and/or liability of the Supplier or impose any liability on the Customer.

20. Consideration and Payments

20.1. The price set in the Order is a fixed and final price. No supplement will be paid unless otherwise agreed in writing.

20.2. Payments to suppliers outside Israel will be made on the payment dates customary at the Customer at the time and will apply EOM + sixty (60) days after all the following conditions have been met:

- I. The Product, for which the invoice was given, was delivered to the Customer and to its satisfaction, before submitting the invoice.

- II. The documents specified in subsection 20.3 below, have been received.



20.3. The Supplier will act as follows:

- I. The Supplier will input the invoices, delivery notes, quality notices, declarations of import taxes required by the Customer for the taxation claim and additional documents, as required, into a computer system used by the Customer.
- II. The Supplier will attach a shipping bill, and in the case of an Order to perform work and/or services and/or payment for a milestone for execution, will attach to the invoice an performance report, in accordance with the Customer's requirement, signed by the relevant Customer supervisor on behalf of the Customer.
- III. The Supplier will indicate the Order number on the shipping bill and on the invoice. The lines will be listed on the invoice in the Order in which they appear in the Order.
- IV. In event that the payment for the Order is subject to Israeli VAT, the Supplier shall indicate in the invoice (pro-forma invoice and/or tax invoice, as applicable) all the data required by the Value Added Tax (Bookkeeping) Regulations, 5736-1976. For the avoidance of doubt, every such invoice (including a foreign currency invoice) will state the conversion rate, tax base, VAT amount and amount including VAT in New Shekels.
- V. In addition, the Supplier shall indicate in the pro-forma invoice and/or tax invoice, as applicable, the following details: the Customer's full name, the Customer and Supplier company numbers, as well as the allocation number or confirmation number (as applicable) allocated by the Tax Authority (as required by the Value Added Tax Law, 5736-1976).



- VI. In the event that the Supplier has used materials that constitute the Customer's Property, the Supplier will attach, at the Customer's request, a report detailing the use made of these materials.
- VII. It should be clarified that the Customer has a conditional exemption from purchase tax - the Supplier will attach an original invoice and two additional copies, and specify the price of the Product and the purchase tax rate.

20.4. The Customer shall withhold from any payment paid by it in connection with the Order taxes, tax withholdings and/or mandatory payments and/or other levies, at rates that the Customer shall be obliged to withhold according to the law, unless the Supplier provides, prior to the commencement of the payment process of any such payment, lawful written instructions of a competent authority regarding the reduction and/or exemption from such withholdings and a valid certificate of bookkeeping.

20.5. The Supplier shall allow, if necessary, the government of the country of Customer's customer (or the end-customer if Customer is a second-tier supplier) to audit the price of the Order and the pricing of the Order, and the costs and expenses involved in placing the Order, and for this purpose, to check the relevant books of accounts and records in the Supplier's books. The Supplier shall include the provisions of this section in its contracts with its subcontractors and suppliers.

21. Tort Liability

21.1. The Supplier shall be exclusively, fully and absolutely liable towards the Customer for any damage and/or loss caused to the Customer in connection with the Products, including the supply of the Products and/or services or work of the Supplier and/or in connection therewith, whether such action was performed by the Supplier and/or employees and/or by anyone on their behalf and/or anyone under their authority, including by the subcontractors and/or suppliers of the Supplier and their employees



or by anyone under their authority or acting on behalf of such subcontractors and Suppliers.

21.2. The Supplier represents, acknowledges and undertakes that it will have no argument and/or demand and/or claim against the Customer and/or anyone acting on its behalf for any damage caused to property, in its possession and/or responsibility, including without limitation for any damage for which it is entitled to insurance recovery or proceeds (or would have been entitled to insurance recovery or proceeds had it not been for the deductible specified in the applicable insurance policy) within the framework of the insurances of which it is a beneficiary. The Supplier hereby exempts the Customer and/or anyone acting on its behalf from any liability for any such damage, whether or not such insurance applies, and in any case the provisions of Section 22 below shall apply. If this property was insured by any insurance policy, it will include a clause according to which the insurer waives the right of subrogation against the Customer and those acting on Customer's behalf. The Supplier undertakes to include an identical clause in every agreement with its subcontractors and suppliers, insofar as they are engaged by it in connection with the Order.

21.3. The Supplier shall indemnify and compensate the Customer (and/or anyone acting on Customer's behalf) for any expense and/or cost, including without limitation damages and/or compensation that the Customer paid or was imposed on it and against any claim or demand for any cause whatsoever, if filed against it and/or anyone acting on its behalf for any accident, injury or damage, as well as for any amount that will be awarded against it in connection with damages related to the Products, including the services provided by it and/or for which the Supplier is responsible according to the Order and/or under law. In any such case, the Supplier undertakes to pay any such amount directly to the Customer, immediately upon the first demand of the Customer.



21.4. For the avoidance of doubt, it is hereby clarified that the Supplier bears liability towards the Customer with respect to the Products (and services) in full, including Products (and services) that were provided and/or were intended to be provided by a subcontractor and/or supplier on the Supplier's behalf, and it will be liable for indemnifying and/or compensating the Customer for any loss and/or damage caused, directly or indirectly, due to a part of the subcontractor / supplier on its behalf in the Product, including services provided and/or supposed to be provided by a sub-supplier / supplier on its behalf. Without derogating from the aforesaid, it is clarified that in any case of any act and/or omission of the subcontractors, whether the required insurances were acquired or held according to the Order or not, the liability lies exclusively with the Supplier and it will indemnify and compensate the Customer for any damage and/or loss and/or expense in connection with any act and/or omission of the subcontractors of the Supplier as aforesaid. Without derogating from any provision of the Order regarding endorsement of the Order, and in the event that the Products (and services) contemplated in the Order and/or part thereof are provided by a subcontractor or supplier on behalf of the Supplier, the Supplier undertakes to ensure that such subcontractor or supplier holds insurance policies in accordance with the conditions and amounts required by the Order.

22. Insurance

22.1. The Supplier shall acquire and ensure that it holds and maintains the validity thereof throughout the contractual period confirmation of the insurances required by the Customer (hereinafter: "**Confirmation of Insurances**") in the form of "BIT" or its equivalent.

22.2. The product liability insurance for the Products (and any services provided) will be maintained so long as the Supplier is liable under law. The retroactive date in the product liability insurance will not be later than the date of commencement of supply of the Products by the Supplier.



- 22.3. Without the need for any demand on the part of the Customer, the Supplier undertakes to present to the Customer, before the beginning of the engagement term, the Confirmation of Insurances, signed by its insurers. Before the end of the insurance period, the Supplier shall provide an updated Confirmation of Insurance in respect of extending the validity of the Supplier's insurance for an additional insurance period, and from every insurance period, as long as the Supplier has any further obligations to Customer hereunder or under law.
- 22.4. In addition to the insurances specified in the Confirmation of Insurances, the Supplier shall purchase, by itself or through subcontractors employed by it, vehicle compulsory insurance –as required by law as well as liability insurance for damage to the property of a third party due to the use of vehicles with a customary liability limit.
- 22.5. General provisions that will apply to all Supplier's insurances:
- I. The insurances will be primary and will have priority over any insurance held by the Customer, those acting on Customer's behalf and/or anyone to whom the Customer undertook in writing prior to the insurance occurrence that the insurance will have priority in respect thereof.
 - II. The insurances will include a waiver of subrogation right clause vis-à-vis the Customer and/or those acting on its behalf and/or anyone to whom the Customer undertook to waive the right of subrogation against it, but the waiver will not apply in favor of a person who caused the damage maliciously.
 - III. If there is a gross negligence exception in the policies, the Supplier must ensure that such an exception is deleted, but it is clarified that the aforesaid does not derogate from the Supplier's obligations.
- 22.6. It is clarified that the insurance requirements (including the limits of liability and terms of coverage) specified or referenced in the Order are minimal requirements



imposed on the Supplier. The Supplier confirms that it will be prohibited from raising any claim and/or demand against the Customer or those acting on the Customer's behalf with regard to these requirements. It is clarified that the Supplier undertakes to assess its exposures and to acquire and hold at its own expense any additional and/or supplementary insurance to cover its property and liability under or in connection with the Order or under to law.

22.7. The Supplier represents in its name and on behalf of its subcontractors, suppliers and third parties acting on its behalf, that it/they will have no cause of action and/or demand and/or claim against the Customer or anyone on its behalf, or anyone who the Customer undertook to release prior to an insured event or occurrence, for damage for which it is entitled to indemnification according to the insurances obtained by it (or would be entitled to indemnification were it not for the deductible specified in the policy), and for any damage caused to the property of the Supplier and those acting on its behalf or consequential damage caused to any of them, and it hereby exempts the Customer and all those acting on its behalf from any liability for such damage. The foregoing shall not apply in favor of a person who caused damage with malicious intent.

22.8. In the event that the Supplier engages subcontractors, suppliers or third parties, the Supplier shall ensure that the contractual agreements with them include provisions parallel to the provisions of the insurance clauses as stated in this Order.

22.9. It is hereby clarified and agreed that the Supplier bears liability under law towards the Customer for any damage and/or loss caused due to the acts and/or omissions of the subcontractors, suppliers or other third parties on behalf of the Supplier, and the Supplier shall indemnify and compensate the Customer for any damage or loss caused due to the acts and/or omissions of the subcontractors, suppliers or third parties, whether or not such damage or loss are covered by any of the policies that the Supplier undertook to obtain.



22.10. It is clarified that the Supplier alone will bear the insurance premiums, deductibles and any other costs related to the aforementioned insurances.

23. Guarantee

In order to secure all or some of its obligations under the Order, the Supplier undertakes to issue at its own expense, for the benefit of the Customer, a bank guarantee or otherwise as determined in the Order, by a financial institution acceptable to the Customer and in a form approved by the Customer. The acceptance and/or forfeiture of such guarantee does not derogate from the other rights of the Customer under any law and/or according to the terms of the Order.

24. Order Termination for Breach

24.1. Without derogating from any right by law and/or under this Order, the Customer may terminate the Order, in whole or in part, in any of the following cases:

- I. Failure of the Supplier to comply with the delivery schedule and/or any other schedule set forth in the Order.
- II. Failure of the Supplier to comply with any of the conditions of the Order.
- III. Appointment of a receiver for the Supplier and/or commencement of liquidation and/or bankruptcy proceedings against the Supplier and/or filing of a voluntary liquidation application and/or cessation of full and/or substantial operation of its business insofar as these processes have not been revoked or withdrawn within fifteen (15) days.
- IV. Breach of the Supplier's obligation to meet the Customer security requirements, and in particular the security requirements designated for the Order (insofar as these apply to the contract or to the extent imposed on the Supplier).



24.2. Notwithstanding the provisions of any law, termination of the Order by the Customer pursuant to paragraph 24.1 above:

- I. Shall not grant Supplier the right to claim damages, enforcement and/or any other remedy.
- II. The Customer will be entitled to order, at the expense of the Supplier, from another supplier the goods and services ordered under the Order or part thereof, as the case may be and/or to execute the Order independently and to claim and/or deduct from the amount due and/or owing to the Supplier according to the Order the price of, and other costs incurred by the Supplier in connection with, the order issued to the other supplier and/or the costs associated with or resulting from placing the Order, other expenses or losses incurred by the Customer.
- III. At the Customer's request, the Supplier will assign to the Customer all contractual rights it has with subcontractors and/or Suppliers in connection with the Order.

24.3. If the Supplier violates a fundamental condition of the Order and the Customer terminates the Order as a result, the Customer will be entitled to liquidated damages, estimated in advance to be reasonable compensation, equal to ten percent (10%) of the value of the Order, without being required to prove its damages.

24.4. Termination of the Order in whole or in part by the Customer will not exempt the Supplier from its responsibility for that part of the Product delivered by it before such termination.

24.5. The Customer may withhold payments due to the Supplier according to the Order until receiving the Product, as well as the Customer's Property or the Customer's knowhow that the Supplier is obligated to transfer to the Customer.



24.6. The Supplier will refund to the Customer any payment paid to it on account of the Products (including work and/or services) that were not provided, plus interest and customary inflation indices differentials in use at the time.

25. Order Termination for Convenience

25.1. The Customer may terminate the Order, in whole or in part, at any time and for any reason, at its sole discretion by written notice.

25.2. Where the Customer terminates the Order as stated in subsection 25.1 above, the Supplier shall act in accordance with the Customer's written notice immediately upon receipt. The Supplier will act to mitigate its expenses due to termination of the Order in whole or in part. The Supplier will return to the Customer the Property and know-how of the Customer. The Supplier will transfer to the Customer at its request the Products whose production has been fully and/or partially completed and/or the raw materials purchased by it for the purpose of manufacturing the Products.

25.3. Notwithstanding the provisions of any law, Order termination pursuant to this section shall not grant the Supplier any remedy other than the right to receive reimbursement of costs as stated in paragraph 25.4 below, which it had incurred plus profit at the rate of five percent (5%). In any event, the amount that the Supplier will receive shall not exceed the consideration to which it was entitled according to the Order and in accordance with the delivery rates/schedules established between the Parties, had the Order been carried out to its full extent according to the terms thereof.

25.4. For the Products (including work and/or service) that were not supplied due to the Order termination pursuant to this section 24, the Customer shall pay the reasonable direct costs that the Supplier actually spent up to the date of receipt of the termination notice, provided that such costs are proved to the Customer by the Supplier to the satisfaction of the Supplier.



26. Frustration ("**Force Majeure**")

26.1. "Frustration" (or "**Frustrate/d**") means the non-fulfillment of an undertaking related to the Order as a result of circumstances which the Parties, at the time of the entry into force of the Order as stated in subsection 2.1 above, did not know or should not have known about or did not foresee or should not have foreseen in advance, and could not have prevented ("**Force Majeure**").

26.2. If the Order is Frustrated, neither party will be liable to compensate the other party for non-compliance with the conditions of the Order.

26.3. The Supplier undertakes to notify the Customer in writing immediately upon becoming of aware of any event of Force Majeure which will frustrate performance of the Order.

26.4. The Supplier must prove to the Customer that the delay and/or non-performance was caused as a result of a Force Majeure preventing performance of the Order and that it has taken all necessary measures to mitigate and reduce the effect of the Force Majeure on the performance of the Order.

26.5. If the Order is Frustrated for a period exceeding three (3) consecutive months, the Customer may terminate the Order by sending a notice of termination and the Supplier will immediately follow the instructions contained in the termination notice, in which case the provisions of section 24 will apply.

27. Intellectual Property

27.1. "**IP**" means information or any other form of intellectual property of any kind, including without limitation technological, commercial or other information, trade secrets, discoveries, techniques, methods, data, engineering know-how, knowledge, biological and chemical know-how, Know-how regarding production processes, production methods, testing methods, specifications, Product File, Production File, drawings, diagrams, printouts, parts lists, data, plans, expressions, slogans, symbols,



ciphers, improvements, enhancements, ideas, trade names, details and any other know-how exchanged between the Parties, whether in writing, oral or any print, optical, electronic or other media.

- 27.2. **"Background IP"** – IP that existed in the possession of a party to an Order or IP that it acquired, received or developed outside the framework of the Order and not for the purposes of the Order.
- 27.3. **"Foreground IP"** – IP developed by the Supplier as part of and/or as a result of the Order.
- 27.4. **"Intellectual Property Rights"** – any rights in IP, including without limitation copyrights, registered and unregistered trademarks (including service marks), patents, registered and unregistered designs, trade names and trade secrets.
- 27.5. The Supplier represents that it is the owner or licensee of the Intellectual Property Rights in the Background IP required to execute the Order and there is no legal or other impediment to transferring them for the use of the Customer as stated above.
- 27.6. The Intellectual Property Rights in Foreground IP, which will be developed as part of the Order, will be owned exclusively as work for hire by the Customer for all intents and purposes, including the moral rights, immediately upon creation of the Foreground IP, without any additional consideration to the Supplier. The Customer will be, and will be entitled to act in all aspects, as the owner of the Foreground IP, including without limitation making changes and additions thereto.
- 27.7. The Supplier hereby grants the Customer, free of charge, an indefinite, irrevocable, non-exclusive, sublicensable license, for any and all uses of the Supplier's Foreground IP, including without limitation the use of the Supplier's Foreground IP for the use, operation, development, production, marketing and sale of the Customer's products in which the Product and/or the Supplier's Foreground IP is



integrated/implemented/used and/or the provision of services related to these Products.

27.8. The Customer hereby grants the Supplier a license to use the Foreground IP and the Customer's Background IP solely for the purpose of implementing the Order and not for any other purpose. The Supplier shall not transfer or disclose, or assign or sublicense in any manner such license to, the Foreground IP or the Background IP of the Customer to a third party without obtaining the prior written approval of the Customer.

27.9. Without derogating from the above licenses to use the Intellectual Property Rights of the other Party in its Background IP, ownership of such Background IP will remain with the licensor.

27.10. The Supplier undertakes to report to the Customer any Foreground IP created by it during the execution of the Order and to assist the Customer in registering its ownership of the Intellectual Property Rights in the Foreground IP and to assist it in protecting its Intellectual Property Rights from infringement by third parties.

28. Third Party Intellectual Property Rights

28.1. The Supplier hereby represents and warrants that the use of the Product and/or the Prior Knowhow and/or Knowhow developed by it during the execution of the Order does not infringe Intellectual Property Rights or other rights of any third party and that it is the owner or licensee of the Intellectual Property Rights required for the execution of the Order (including services).

28.2. Where the Supplier has breached its above obligation, the Supplier:

- I. Will compensate the Customer and its customers for any expense and/or damage and/or loss and of any kind whatsoever.
- II. Will ensure that the Customer and its customers have the right to continue to use, hold and sell the Product, or replace the infringing Product with an



identical Product, or change the Product so that its use does not violate the property rights of third Parties, all in coordination and with the approval of the Customer.

29. Confidentiality

29.1. The Supplier undertakes to keep confidential the Knowhow of the Customer and/or the Customer's customers, as well as information and documents related to the execution of the Order, coming to its possession directly or indirectly during or in connection with its execution, whether provided in writing or orally and indefinitely, even after the engagement termination. The Supplier undertakes not to use such Knowhow, documents, or any part thereof other than for the purposes of the Order and to take all measures to maintain the confidentiality of the Knowhow and prevent it from being delivered or coming to the possession of any third party, person, entity or corporation.

29.2. The Supplier represents that it was made aware that the Customer is a "Reporting Corporation" as defined in the Securities Law, 5728-1968 (hereinafter: the "**Securities Law**") and that the Customer's Knowhow transferred to it by way of this engagement, and any other information about the Customer (including any financial, accounting, banking, commercial, business, economic, legal, marketing, engineering, technological, etc. information in connection with the Customer and/or in connection with any other entity or entity related to the Customer, including subsidiaries and affiliates of the Customer, including their businesses, activities, financial condition, financial results, etc., may constitute insider information (as this term is defined in section 52A of the Securities Law).

29.3. In consideration of the foregoing, and without derogating from the other obligations of the Supplier specified herein, the Supplier undertakes not to make any use of insider information beyond what is necessary for the performance of this Order, including not to make any transaction in securities of the Customer when the insider



information is in its possession and as long as it is in its possession and may affect such a transaction in any way. Also, the Supplier undertakes not to disclose and/or deliver insider information to any other party, including any party that may make use of insider information or exploit it in any way, including in executing such a transaction in the securities of the Customer, and undertakes not to allow anyone on its behalf and/or related Parties to exploit the information in any such way for securities transactions of the Customer.

29.4. The Supplier undertakes to bring the foregoing to the attention of each of its employees and/or anyone acting on its behalf, including its subcontractors and suppliers, and any other third party on its behalf, including agents and representatives, and will be responsible for maintaining confidentiality as stated in this section. In addition, and without derogating from the aforesaid liability of the Supplier, the Supplier undertakes that its employees, subcontractors, suppliers or any other entity acting on its behalf who may be exposed to the Customer's Knowhow as stated in subsection 27.1 above, in whole or in part, will execute a non-disclosure undertaking in a form similar to this undertaking.

29.5. The Supplier undertakes not to publish the engagement with IAI (including entering into a collaboration agreement, if any) and/or any information and/or detail related to the Order and/or any document related to and/or deriving from the Order, without obtaining the prior written approval of the Customer. The aforesaid does not derogate from the rights of the Customer to disclose and/or deliver and/or publish the communication with the Supplier, including any information or detail related to the Order and any document related to it or deriving from it.

29.6. If the Parties have signed a non-disclosure agreement (NDA), the NDA will form an integral part of the Order.



30. Information Security/Cybersecurity and Protection of Privacy

- 30.1. It is clarified that the security classification of the Order (including these General Procurement Terms and the SOW) is "unclassified".
- 30.2. Notwithstanding the foregoing, if the Customer's security organization orders the classification of the Order as "reserved" or higher, the Supplier will comply with the specific security instructions provided by the Customer.
- 30.3. In projects classified as "reserved" and above, if the Supplier is required to receive personal security training for its representatives, it will bear the costs of the security evaluations and training that they will undergo.
- 30.4. The transfer of technical information will be carried out through the Customer's Suppliers Website only.
- 30.5. The Customer may, at any time, give the Supplier instructions regarding security rules, security arrangements, information security and cybersecurity measures and information security and cybersecurity controls relating to information belonging to the Customer and which is in the possession of the Supplier, and/or to which the Supplier has access. The Supplier will allow the Customer to audit the implementation of information security by the Supplier as aforesaid at any time, even without prior notice.
- 30.6. The Supplier undertakes to correct all defects, insofar as they are found during these audits or upon becoming aware of such defects in any other manner, immediately, or within the time period determined by the Customer. The Supplier shall report on the repairs it has made and will receive the approval of the Customer to its satisfaction of the manner in which information is secured by the Supplier regarding materials of any kind or type of the Customer which are in its possession as stated. The approval of the Customer as aforesaid does not derogate from any responsibility and/or obligation of the Supplier according to law and/or this Order.



- 30.7. The Supplier undertakes to immediately report to the Customer any actual or attempted cyberattack and/or event and/or breach, of the Supplier's information systems (including an information security incident such as loss of material, information, hardware or documents) and to act according to the Customer's instructions to prevent and/or mitigate the damage from the event.
- 30.8. The Supplier undertakes that if a vulnerability, i.e., a Common Vulnerability & Exposures (CVE), is discovered in the software it provides (whether as a Product by itself or integrated in another Product) or a CVE caused by tests performed on such software components, the Supplier will act to repair the software in response to the discovered CVE, immediately upon becoming aware of it, and will take all necessary efforts to complete the repair as soon as possible.
- 30.9. If this engagement is within the framework of a project of the US government, which includes use of US export-controlled information, the Supplier represents and warrants as follows:
- I. That it complies with DFARS requirement no. 252.204-7012, including the obligation to provide sufficient protection for any supervised information contained in its information systems as defined therein.
 - II. That it has implemented the cybersecurity requirements according to NIST SP800-171 standard, and documented such implementation. The Supplier shall pass along these requirements to each subcontractor and/or supplier thereof who has received such supervised information from it.
 - III. As part of the CMMC requirements, the Supplier has completed the self-assessment of its compliance with the NIST standard and has transmitted its findings to the SPRS system.
- 30.10. Personal Data Protection (IAI Personnel): Whereas Supplier will receive personal data of IAI employees and other representatives within the framework



of the work with IAI, Supplier warrants and represents that ISO 27001 certification or ISO 27017 certification, as applicable, are held and will be held by Suppliers and its pertinent subcontractors/suppliers for the information systems in which such personal data will be held (collectively, the "IT Systems"). Supplier undertakes to comply with Israel's Privacy Protection Law – 1981 – in respect of such personal data. In the event that Supplier becomes aware, or has a reasonable suspicion, that any such personal data or other IAI data held by Supplier or its suppliers or subcontractors was accessed, copied, distributed, published, deleted, modified and/or encrypted by an unauthorized third party (the "Event"), then Supplier will immediately provide IAI with written notice thereof including, to the extent Supplier is aware of it: (A) the details of the Event known or reasonably believed by Supplier, (B) the steps taken to mitigate the impact of the Event, (C) steps taken or planned to prevent similar events in the future, and (D) the identity or suspected identity of the unauthorized third party/ies involved in the Event. If Supplier is not aware of any of this information at the time it first notifies IAI of an Event, or if Supplier's investigations reveal any information previously provided is materially inaccurate or incomplete, Supplier will promptly update its notice to IAI. Breach of any of the aforesaid warranties, representations and undertakings will entitle IAI to terminate the Agreement for default upon ten days advance written notice. In the event of investigation of or indictment of the Supplier for violations of Israel's Privacy Protection Law 1981 or of any other personal data protection law applicable to Supplier, IAI will be entitled to terminate the Agreement for default immediately upon written notice.

- 30.11. Personal Data Protection (Supplier Personnel): Whereas personal data of employees and other representatives of Supplier (and potentially of employees and representatives of Supplier's suppliers/subcontractors) will be disclosed to IAI in the framework hereof, Supplier shall give written notice to the pertinent employees/representatives that (a) they are not obligated to provide personal data



to IAI, (b) the personal data provided to IAI will be held by IAI including in its supplier representatives database and other pertinent databases, and (c) subject to applicable security and other applicable regulations, they have the right to review their personal data and to request its deletion or correction. Supplier shall obtain from such employees/representatives written agreement to the aforesaid. Details of IAI's policies in respect of handling and using personal data are set forth in IAI's Privacy Statement available at <https://www.iai.co.il/privacy-statement>.

31. Controls of Defense Exports

- 31.1. It is the responsibility of the Supplier to check whether its Products are subject to the Defense Export Control Law, 5767-2007 (hereinafter: the "**Control Law**"). Where the Supplier's Products are controlled as aforesaid, the Supplier must be registered in the exporters' registry of the Defense Export Control Agency at the Ministry of Defense (hereinafter: "**DECA**") and will present the Customer with a valid copy of the registration certificate.
- 31.2. The Supplier will act and ensure receipt of any marketing license and/or Israeli export license and/or foreign export license required by law for the performance of the services, supply of the Supplier's Products to the Customer and/or for the purpose of transferring drawings, specifications and other technical data to the Supplier for the implementation of the Supplier's Products, for the purpose of supplying them to the Customer's customer.
- 31.3. If the Supplier provides the Customer's customer (or the end-customer, if not the Customer's customer) with a service (including training, maintenance services, repairs, etc.), the Supplier will act and ensure receipt of the required licenses from DECA before performing such services. In addition, before providing such service, the Supplier will receive a manufacturer's approval from the Customer.



- 31.4. Issuance of an Israeli marketing and/or export license for supply to the Customer's customers, including the Supplier's Products, will be the sole responsibility of the Customer. The Supplier undertakes to provide the Customer with all the information required by the Customer for the purpose of issuing such licenses.
- 31.5. The Supplier shall report in writing to the Customer within fifteen (15) days of receipt of this Order which export-control regime/s (Israeli and/or foreign) are applicable to the products, services and technical data to be supplied hereunder by the Supplier and shall provide in writing the full and complete export control classification (including all sub-section/sub-paragraph numbers) applicable to the Supplier's products, services and technical data to be supplied hereunder. In the event that such classification changes due to a change in the applicable export-control list, then Supplier will update Customer in writing of the new classification (including all sub-section/sub-paragraph numbers) within 15 days of such change. If the Supplier's products are exempt from license and/or export controls (including in respect of re-export) this will be advised to Customer by the Supplier in writing within 15 days of receipt of the Order.
- 31.6. Immediately upon receipt of any such export license required by Supplier to perform under the Order, the Supplier shall provide the Customer with a full copy of the license and any other document pertaining to the license (insofar as these documents are in its possession and after it has made a reasonable effort to receive them). The Supplier shall make declarations to the Customer on the above from time to time according to the Customer's request. The Supplier alone shall be responsible for the veracity and validity of any document signed by the Supplier.
- 31.7. The Supplier hereby undertakes to refrain from approving or submitting, whether written or oral, any end- use certification and/or end-user certification, without the express prior written approval of the Customer.



31.8. The Supplier undertakes to update the Customer of any revision and/or update and/or suspension and/or limitation in the license (or Israeli export-controlled items in its DECA ID/teudat zehut) immediately upon receipt of notice thereof from DECA or any other relevant authority.

31.9. Technical information transferred to the Supplier from the Customer and/or from the Customer's customers in connection with the Order may be subject to Israeli and/or foreign export control laws and therefore:

I. The Supplier will use such technical information only for the purpose of executing the Order and only after signing a specific non-disclosure agreement for the Order.

II. The Supplier shall not export, disclose or transfer technical information subject to export control laws to any third party without the prior written permission of the Customer. In respect of US-export controlled technical data, the Supplier will comply with all additional restrictions under the US ITAR and/or US EAR to the extent applicable.

III. The Supplier undertakes to include the content of this section in its agreements with subcontractors and suppliers who provide services and/or Products within the framework of the Order, and it is its responsible to enforce the implementation of such obligations.

IV. Upon termination or completion of the Order, the Supplier and any third party to whom such technical information has been transferred, will return the all technical information to the Customer immediately and report in writing to the Customer that no copy/original and/or any information in any other form remains in their possession.

32. Open Source

With regard to the use of open source software, the Supplier undertakes to act as follows:



- 32.1. Immediately after receiving the Order, and in any case prior to the beginning of the Order execution, the Supplier will forward to the Customer's approval a detailed list of the open source components in the Product and/or which to the best of its knowledge will be included in the Product.
- 32.2. The Supplier will refrain from incorporating open source software into the Order Products except subject to and after receiving prior written approval from the Customer, and it will use them subject to and in accordance with the Customer's approval given.
- 32.3. During the Order execution, the Supplier will inform the Customer, before using open source, of any expected use of open source software in the Product, and will wait for its written approval.
- 32.4. Without derogating from the above, the Supplier undertakes to provide the Customer in writing, at its request, at all times, any information required by the Customer in connection with open source software in the Product contemplated in the Order.
- 32.5. If the Customer objects to the use of any open source software in the Product, the Supplier will refrain from using this code and will act at its own expense to find an alternative solution, which it will forward to the Customer's approval as soon as possible. Nothing contained in this section shall derogate from the Supplier's obligations under this Order, including its commitment to meet the schedule set therein.
- 32.6. At any stage in which software Products are delivered by the Supplier to the Customer, and as a condition for approval for delivery of the Product by the Supplier to the Customer and receipt of payment for it, the Supplier will provide the Customer with a detailed list of the components of the code (SBOM) and a hash (digital signature on the code) of all files used in the Product.



32.7. If the Customer finds that the Supplier included any code in the Product without its approval, the Supplier will have to act immediately at its own expense to amend the aforesaid and replace this code with another code, which will be approved in advance and in writing by the Customer, all without derogating from any right and/or remedy available to the Customer by virtue of any law and/or these General Procurements Terms and/or any other part the Order, and without derogating from its obligation to meet the schedule set in the Order.

33. Customer's Properties in Possession of the Supplier

33.1. The Supplier shall be liable for any loss and/or damage caused to the Customer's property, including the Customer's knowhow provided to the Supplier in connection with the execution of the Order (above and hereinafter: "**Customer's Property**"), which are in the possession and/or control of the Supplier and/or anyone acting on its behalf. The Supplier shall ensure that all the Customer's Property is held separately, marked and documented as the Customer's Property, and proper and appropriate preventive care and maintenance are implemented.

33.2. The Supplier undertakes not to use, and not to allow any other person to use, any item from the Customer's Property, except for the benefit of the Customer and within the framework of an Order. The Supplier also undertakes not to sell the Customer's Property, not to mortgage it, not to use it as security, not to pledge it, or otherwise dispose of them. The Supplier shall not provide any information regarding the Customer's Property, and shall ensure that such information does not reach another party in any way. For the avoidance of doubt, the Customer's Property will be held by the Supplier and it may not transfer it to its suppliers and/or subcontractors without the prior written approval of the Customer and without receiving a back-to-back undertaking, from such suppliers or subcontractors, in the form of this Section 33.

33.3. Upon completion or termination of the Order and/or part thereof, for any reason whatsoever or at the request of the Customer, whichever comes first, the Supplier



shall return to the Customer at its own expense, immediately, at a place and time determined by the Customer, all the Customer's Property in good working order and fit for use, as well as knowhow of the Customer that was provided to it and/or is in its possession and/or control and/or that of anyone acting on its behalf.

34. Offset

34.1. In the event that the Customer is subject to an offset undertaking in respect of the transaction contemplated in the Order, the Parties shall act as follows:

- I. In the Customer's end-customer's country (the "**End-Customer Country**") - the Customer may require the Supplier to carry-out procurement in the End-Customer Country valid for offset (countertrade) credits – according to the offset rules of the End-Customer Country - according to the relative value of the Order within the price of the entire project acquired by the End-Customer Country.
- II. In countries where the Products, or parts thereof, will be purchased by the Supplier - the Customer will be entitled to apply the credits generated by such purchases made by the Supplier to Customer's offset obligations in those countries.
- III. The Supplier undertakes to assist the Customer in this matter as required.

34.2. With the prior written consent of the Parties, the Supplier will procure in different countries, at the expense of the Customer's offset undertakings in an amount to be determined between the Parties.

35. Compliance with Safety and Environmental Laws

35.1. The Supplier is obligated to execute the Order subject to the applicable safety and environmental laws, and will maintain all the necessary permits and licenses for safe, proper and sustainable operation. The Supplier will act in accordance with the safety,



hygiene and environmental protection appendix published on the Customer's Website.

35.2. In the case of a Product that requires attaching a Material Safety Data Sheet (MSDS), an updated MSDS will be provided by the Supplier to the Customer in accordance with the provisions of the relevant law.

35.3. The Supplier will not use prohibited substances.

36. Enforcement of Labor Law

36.1. The Supplier undertakes to comply with all the provisions of the labor law that apply to it, to its employees and/or anyone acting on its behalf. Violation of these provisions will also constitute a violation of the terms of the Order. The Supplier undertakes to sign a written affidavit in accordance with the provisions of section 2B of the Israeli Public Bodies (Transactions) Law, 5736-1976.

36.2. The Supplier represents that in performing its obligations under the Order, it acts as an independent contractor and that neither the Supplier nor any representative or employee of the Supplier are in any manner to be considered or deemed to be an employee of the Customer.

36.3. The Supplier shall indemnify the Customer for any damage or expense caused to it as a result of a demand and/or claim by any of its employees and/or anyone acting on its behalf against the Customer on any grounds, including a claim based on an alleged employee-employer relations and/or subcontracting relationship.

37. Prohibition on Giving/Accepting Benefits; Prohibition on Bribery and Prevention of Corruption

37.1. Neither the Supplier nor any party acting on behalf of or affiliated with the Supplier will offer or give the employees and/or consultants of the Customer, directly and/or indirectly, consideration in money, equal money, service or any other benefit for issuing and/or executing the Order.



37.2. The Supplier undertakes not to take any action, directly or indirectly, contrary to the provisions of the Israeli Penal Law or other relevant laws regarding the prevention of bribery and/or corruption in connection with a public official and/or foreign public official.

38. Code of Ethics

38.1. The Customer has a code of ethics, published on the Customer's Website. The Customer expects the Supplier to act in the spirit of the principles outlined by the Customer's code of ethics.

38.2. In addition, the Customer is a registered supplier of the UN Supplier Lists and expects the Supplier to comply with the principles of the UN Supplier Code of Conduct which can be found in the UN website: <https://www.ungm.org/Public/CodeOfConduct>

39. Fair Employment

The Customer opposes human trafficking, forced labor or child labor and employee exploitation, and supports the US Government's "zero tolerance" policy on trafficking by anyone acting on its behalf, including its suppliers, subcontractors and those employed by them. Accordingly, the Customer has adopted a policy regarding human trafficking which can be viewed on the Customer's Website. The Customer expects those acting on its behalf, including its suppliers, subcontractors and those employed by them to comply with this policy and in accordance with the US Government's FAR 52.222-50.

40. Remedies and Reliefs

The remedies and reliefs listed in the Order as available to Customer are in addition to any relief or remedy available to Customer under any law.



41. Waiver

No waiver, failure to act or grant of an extension on the part of the Customer shall be deemed a waiver of its rights under this Order unless an authorized representative of the Customer expressly waived its rights in writing.

42. No Assignment of Obligations And/or Rights

The Supplier may not assign the Order, and may not assign to a third party the execution of the Order in whole or in part, without obtaining prior written consent from the Customer.

43. Governing Law and Jurisdiction

The Order shall be governed by Israeli law, and the exclusive local jurisdiction is vested in the competent courts in Tel Aviv-Yafo.

44. Conditional Obligations

44.1. The performance of each of the Customer's obligations under the Order is conditional on the Supplier first fulfilling its obligations under the Order and the Customer is entitled, without derogating from any other provision herein, to delay the performance of any of its obligations until after the Supplier has fulfilled its obligations.

44.2. Without derogating from the aforesaid, the Customer may withhold payment of funds to the Supplier if the Supplier fails to meet its obligations under the Order or under any other agreement or order between the Parties. In respect of such withholding of funds, no linkage differentials and/or interest whatsoever will be paid.

45. Sanctions

45.1. In this section - "**Entity**" - any legally competent body. "**Sanctioned Entity or Person**" means any Entity or person (or any Entity Controlled or managed by an Entity or person, or which has an end beneficiary) who: (a) with whom Israeli citizens/entities are prohibited from doing business under the Trading with the



Enemy Ordinance (1939), or (b) a citizen or resident of, or an Entity established in, any of the following countries: North Korea, Cuba, Venezuela, Iran, Belarus, Syria or Russia; or (c) appears on a sanctions list, "blacklist", disqualifying list, procurement restriction list or other list that restricts business with specific entities, certain categories of entities or entities from a specific region or jurisdiction, issued by the State of Israel, United Nations, United States, United Kingdom, European Union or an EU member state. "**Control**" means the holding, directly or indirectly, of more than 25% of the shares (or other similar legal right) in an Entity, or holding, directly or indirectly, the right to appoint more than 25% of the members of the board of directors of the Entity (or similar Entity), or holding such rights jointly with another Party or Parties pursuant to a contractual arrangement or in accordance with the governing documents of that Entity. "**Ultimate Beneficial Owner**" means any person (or Entity/entities in the case of a government Entity) who has final Control over an Entity or holds final rights in more than 25% of the profits and/or other benefits generated by the Entity.

45.2. The Supplier represents and acknowledges that any of the below on the list is not an Sanctioned Entity or Person:

- I. The Supplier itself.
- II. Any person or Entity holding 5% or more of Supplier shares or 5% or more of the voting or equity rights in the Supplier.
- III. The controlling shareholder of the Supplier and/or the Ultimate Beneficial Owners of the controlling shareholder of the Supplier.

45.3. The Supplier shall not offer or provide goods, work or services provided to it (partially or fully) by a Sanctioned Entity or Person.



45.4. The Supplier shall not transfer information and/or performance of works/services pertaining in any way to its engagement or work with IAI to a Sanctioned Entity or Person.

45.5. The Supplier undertakes to the Customer as follows: (1) to immediately inform the Customer regarding the existence (and shareholding rate) of shareholders from third countries holding its shares, directly and/or indirectly, at any holding rate as it may be from time to time and/or at the Customer's request, at its sole discretion; and; (2) immediately update the Customer regarding any intention and/or assessment of a potential change of **UBO** and/or a change in the Party/Parties holding Control of the Supplier,.

46. Miscellaneous

46.1. Where Supplier is represented at any stage in its relationship with Customer by a third party or involves a third party in any way in its relationship with Customer ("**Supplier Representative**"), notices, commitments or agreements of the Supplier Representative will be deemed to be notices, commitments or agreements provided by the Supplier and will fully bind Supplier vis-à-vis Customer for all purposes in connection with the Order and/or the Products and any matter related to the Order and/or the Products.

46.2. Supply Chain Reporting Obligations: The Supplier agrees to promptly supply, at its cost, upon IAI's written request complete and full information and data as required by IAI, IAI's customers or in respect of IAI's supply chain, products and/or services for purposes of satisfying sustainability, environmental and other regulatory requirements applicable to Customer and/or to its direct or indirect customers, including without limitation reporting obligations.

46.3. Notwithstanding the provisions of any law, the Customer may deduct any amount that the Supplier will owe the Customer against any amount that the Customer must



pay to the Supplier pursuant to the Order and/or by virtue of any agreement or other order and/or according to any law without giving a set-off notice; and the Supplier shall have no right of set-off, lien, pledge and/or charge of any kind whatsoever, for any reason, on the Product, and/or any part thereof and/or the Customer's Property.

- 46.4. The Customer may withhold payment of funds to the Supplier if the Supplier fails to meet its obligations under the Order or under any other agreement or Order between the Parties. In respect of withholding of such funds, no inflation index differentials and/or interest will be paid.
- 46.5. The clause headers of these General Procurement Terms and in the remainder of the Order do not form part of the body of the Order and will not be used to interpret it.
- 46.6. The Supplier shall include the Order instructions, *mutatis mutandis*, in its contracts with its subcontractors and suppliers.
- 46.7. Silence or consent of one of the Parties in respect of a deviation from the provisions of the Order in a specific case will not constitute a precedent and will not be applied to other cases.
- 46.8. Any communication in connection with the Order will be given in writing in English, in one or more of the following ways:
- I. Via hand delivery.
 - II. Via reputable international courier according to the addresses mentioned in the Order; communication given by such courier will be deemed received by the other Party 72 hours after the delivery to the Party.
 - III. Via email or on the Customer's Suppliers Website; communication sent by email will be deemed received by the other Party only after the other Party confirms its receipt by reply email.