

# SPERRY MARINE'S GENERAL TERMS AND CONDITIONS OF PURCHASE

Ref. 2024-0596 Revised March 2024

## CLAUSE TITLE AND NUMBER

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## 1. DEFINITIONS

1.1 In these Conditions:

"**Conditions**" means these standard terms and conditions of purchase;

"**Contract**" means this Contract comprising the Order, the Conditions and any Specification or Special Terms for the purchase of the Goods and/or the supply of Services;

"**Day**" means calendar day;

"**Delivery Address**" means the address stated on the Order;

"**Developed IPR**" will have the meaning attributed to it in Clause 20.3;

"**Goods**" means the goods (including any instalment of the goods or any part of them) described in the Order;

"**Intellectual Property**" means (i) patents, inventions, designs, copyright and related rights, database rights, trademarks, trade names (whether registered or unregistered), and rights to apply for registration; (ii) proprietary rights in domain names; (iii) knowhow and confidential information; (iv) applications, extensions and renewals in relation to any of these rights; and (v) all other rights of a similar nature or having an equivalent effect anywhere in the world which currently exist or are recognised in the future;

"**Order**" means the Buyer's purchase order for the Goods and Services;

"**Price**" means the price of the Goods and/or the charge for the Services set out in the Order;

"**Seller**" means the legal entity that is supplying the Goods or Services;

"**Services**" means the service (if any) described in the Order and includes any deliverables provided as part of the Services;

"**Special Terms**" means any special terms agreed between the parties and which are appended to or incorporated in the Order, or to which these Conditions are appended; and

"**Specification**" means any plans, drawings, data or other information relating to the Goods or Services appended to or incorporated in the Order.

1.2 The headings in these Conditions are for convenience only and will not affect their interpretation.

1.3 A person includes a corporate or unincorporated body, words in the singular include the plural and in the plural include the singular and references to one gender includes a reference to the other gender.

1.4 Writing or written includes faxes and e-mails.

## 2. SELLERS OBLIGATIONS

2.1 The Seller will comply with all applicable regulations or other legal requirements concerning the manufacture, packaging, packing and delivery of the Goods and the performance of the Services, including any regulations for goods classified as hazardous (including the Waste Electrical and Electronic Equipment Directive (2012/19/EU)(recast), REACH EC 1907/2006 and the Restriction of the Use of Certain

Hazardous Substances in Electrical and Electronic Equipment Directive (Directive 2011/65/EU)(recast), and will inform the Buyer of any need for the Buyer to comply with such regulations or requirements in relation to the receipt and onward supply of the Goods and Services and where applicable will provide the Buyer with all necessary information to enable compliance (including any material safety data sheets that exist for any product or compound supplied as a free standing compound within the Goods).

- 2.2 The Seller will not unreasonably refuse any request by the Buyer to inspect and test the Goods during manufacture, processing or storage at the premises of the Seller or any third party prior to despatch, and the Seller will provide the Buyer with all facilities reasonably required for inspection and testing. Any such inspection will not relieve the Seller of its obligations under this Contract nor imply acceptance by the Buyer.
- 2.3 If as a result of inspection or testing the Buyer is not satisfied that the Goods comply in all respects with the Contract, and the Buyer so informs the Seller within seven (7) Days of inspection or testing, the Seller will promptly take such steps as are necessary to ensure compliance. The Buyer may conduct further inspections and tests after the Seller has carried out such steps necessary to ensure compliance.
- 2.4 The Goods will be marked in accordance with the Buyer's instructions and any applicable regulations or requirements of the carrier, and properly packed and secured suitable for onward sea and/or air freight so as to reach their destination in an undamaged condition in the ordinary course. For the avoidance of doubt, all drums, containers and other packaging will be non-returnable unless otherwise agreed in writing.
- 2.5 All Orders are placed by the Buyer on condition that spare parts and identical replacements for the Goods supplied by the Seller will be available to the Buyer at a fair and reasonable price for a period of ten (10) years from the date of the Order and that prior to the Goods or spare parts thereof being made obsolete at least twelve (12) months' written notice will be given by the Seller.
- 2.6 The Seller must advise the Buyer in writing of all the proposed changes in the Specification or method of construction and assembly of the Goods supplied including but not limited to changes in form, fit or function, service life, reliability, maintainability, interchangeability or safety. In the event of the Buyer accepting the changes written approval will be provided to the Seller. For the avoidance of doubt, this shall not affect the Buyer's rights of inspection under this Clause 2 or imply any acceptance by the Buyer.

### **3. ORDER OF PRECEDENCE**

- 3.1 The Order constitutes an offer by the Buyer to purchase the Goods and/or acquire the Services subject to these Conditions. The Order shall be deemed to be accepted on the earlier of the Seller issuing a written acceptance of the Order or the Seller doing any act consistent with fulfilling the Order, at which point the Contract will come into existence.
- 3.2 In the case of any conflict or ambiguity between any provisions contained in these Conditions, the Order or any Special Terms which have been agreed between the parties, the order of precedence shall be as follows:
  - 3.2.1 the Special Terms;
  - 3.2.2 the Order;
  - 3.2.3 these Conditions.
- 3.3 These Conditions will apply to this Contract to the exclusion of any other terms and conditions which have been given to the Buyer or subject to which the Order is purported to be accepted by the Seller. The Seller waives any right it might otherwise have to rely on any term endorsed upon, delivered with or contained in any documents of the Seller.

### **4. PRICE OF THE GOODS AND SERVICES**

- 4.1 Unless otherwise stated in the Order, the Price for Goods will be: (a) exclusive of any applicable value added or other sales tax (which will be payable by the Buyer subject to receipt of a VAT or other sales invoice); and (b) be inclusive of all charges for packaging, packing, shipping, carriage, insurance and delivery of the Goods DDP to the Delivery Address (Incoterms 2020) and any duties, imposts or levies other than value added tax. Prices for Services will be as set out in the Order.
- 4.2 No increase in the Price or extra charges may be made (whether on account of material, labour, or transport costs, fluctuations in rates of exchange or otherwise) without the prior consent of the Buyer in writing.
- 4.3 The Buyer will be entitled to, and afforded, any discount for prompt payment, bulk purchase, or volume of purchase customarily granted by the Seller, whether or not shown on the Order.

### **5. DELIVERY**

- 5.1 The Goods will be delivered to, and the Services will be performed at, the Delivery Address on the date or

- within the period stated in the Order, in each case during the Buyer's usual business hours.
- 5.2 The Buyer will, without penalty, be entitled to delay or reschedule the date or period of delivery stated in the Order by giving not less than seven (7) Days' notice to the Seller, specifying the revised date or period for delivery of the Goods or performance of the Services.
  - 5.3 Where the date of delivery of the Goods, or performance of the Services, is to be specified after the placing of the Order, the Seller will give the Buyer reasonable notice of the specified date.
  - 5.4 The time of delivery of the Goods and of performance of the Services is of the essence of this Contract.
  - 5.5 Subject to the exercise by the Buyer of the provisions of Clause 5.2, if the Goods are not delivered or the Services are not performed on the due date or within the specified period then the Buyer will be entitled to deduct from the Price or (if the Buyer has paid the Price) to claim from the Seller by way of liquidated damages for delay, nought point one percent (0.1%) of the Price for every Day of delay up to a maximum of ten percent (10%) of the Price, at which time the Buyer will be entitled, without penalty, to terminate this Contract with immediate effect on notice to the Seller. The provisions of this Clause 5.5 will be without prejudice to any other remedy of the Buyer, including the right to recover from the Seller any loss or damage incurred by the Buyer in excess of the amount of liquidated damages paid by the Seller.
  - 5.6 If the Goods are to be delivered, or the Services are to be performed by instalments, the Contract will be treated as a single contract and not severable. The Buyer will be entitled to reject any Goods delivered which are not in accordance with this Contract and the Buyer will not be deemed to have accepted any Goods until the Buyer has had a reasonable time, in no event less than thirty (30) Days, to inspect them following delivery, or in the case of a latent defect in the Goods until a reasonable time after the latent defect has become apparent. The Seller will supply the Buyer in good time with any instructions or other information required to enable the Buyer to accept delivery of the Goods and performance of the Services.
  - 5.7 This Clause 5 shall apply to any repaired or replacement Goods supplied by the Seller.
  - 5.8 The Buyer's rights and remedies under this Clause 5 are in addition to its rights and remedies implied by statute and common law.
  - 5.9 If the Seller is permitted to use terms other than DDP Delivery Address, the Seller shall provide the name and contact information for all freight forwarders, carriers or shipping agents expected to handle the Buyer's consignment. The Seller shall provide this information to the Buyer no later than ten (10) Days after order acceptance. The Seller's proposed freight forwarders, carriers or shipping agents must have a reputation for honesty and a company policy prohibiting bribes and facilitation payments intended to expedite or secure performance of routine governmental action, such as, customs clearance. The Buyer retains the right to deny the Seller's use of the Seller's proposed freight forwarders, carriers or shipping agents within thirty (30) Days of the Seller's notification. If the Goods or Services contain any information or equipment controlled under the US International Traffic in Arms Regulations ("ITAR"), the Seller shall ensure that the Buyer's purchase does not transit through one of the Proscribed Countries listed in ITAR section 126.1, 22 CFR.

## **6. PAYMENT**

- 6.1 The Seller will be entitled to invoice the Buyer on, or any time after, delivery of the Goods or performance of the Services, as the case may be, and each invoice will quote the number of the Order.
- 6.2 Unless otherwise agreed in writing, the Buyer will pay the price of the Goods and the Services within sixty (60) Days after the end of the month of receipt by the Buyer of a properly constituted invoice or if later, after acceptance of the Goods or Services by the Buyer. No payments will be made until the Goods and Services have been accepted.
- 6.3 Payments to the Seller shall be made to the designated financial account at an office or branch of a regulated bank located in the jurisdiction where the Seller maintains its principal place of business or is providing the Goods and/or Services under this Contract, unless prior written consent is received from the Buyer. The Seller shall implement and maintain multifactor authentication and other reasonable security measures designed to prevent and detect fraudulent and unauthorized instructions on the Seller's financial systems or any Seller email accounts (e.g., M365 or other cloud based accounts) through which payment account instructions could be transmitted to the Buyer. The Buyer shall not be responsible to pay the Seller for any misdirected payments or other damages or losses attributable to the Seller's failure to use multifactor authentication and other reasonable security measures.
- 6.4 Payment may be delayed if the Seller fails to: (a) supply the required documentation quoting the relevant Order number, or (b) send a monthly statement of account quoting the invoice numbers applicable to each item, but the Buyer will remain entitled to all prompt payment discounts.
- 6.5 If following receipt of any invoice the Buyer notifies the Seller in writing of a bona fide dispute concerning

the Price payable under such invoice, the Buyer will pay any undisputed amount but will be entitled to withhold the amount in dispute pending resolution in accordance with Clause 19.6. The Seller's obligations to provide the Goods and Services shall in no way be affected by any such dispute.

- 6.6 The Buyer will be entitled to set off against the Price any sums owed to the Buyer by the Seller under this Contract or any other contract between the parties.
- 6.7 Any sums not paid to the Seller by the Buyer on the due date will be subject to an interest charge to the Buyer at the rate of two per cent (2%) above the Base Rate of Barclays Bank PLC compounded monthly on all amounts overdue until payment is made.

## **7. RISK AND PROPERTY**

- 7.1 Risk of damage to or loss of the Goods will pass to the Buyer upon delivery to the Buyer at the Delivery Address in accordance with this Contract.
- 7.2 Title in the Goods will pass to the Buyer upon delivery. Notwithstanding Clauses 5.7 and 6.2, if the Buyer agrees to make payment (in part or in full) for the Goods prior to delivery, title will pass to the Buyer once payment has been made for such Goods or the Goods (including all materials which the Seller acquires or allocates for incorporation in any of the Goods) have been appropriated to the Contract, but such payment shall not constitute acceptance of the Goods.

## **8. WARRANTIES & LIABILITIES**

- 8.1 The Seller warrants to the Buyer that the Goods will be: (a) new and of best quality and be fit for the purposes held out by the Seller or made known to the Seller in writing at the time the Order was placed; (b) free from defects in design, material and workmanship; (c) free from any export licence restrictions or regulations; (d) correspond with any relevant Specification or sample or the Special Terms; and (e) in compliance with all applicable statutory requirements and regulations relating to the sale of the Goods including but not limited to those in respect of export control laws and regulations.
- 8.2 The Seller warrants to the Buyer that the Services will be performed by appropriately qualified and trained personnel, performed with due skill, care and diligence and to such a high standard of quality as it is reasonable for the Buyer to expect in all the circumstances in accordance with any Special Terms and in compliance with all applicable statutory requirements and regulations concerning the performance of the Services and with all applicable policies of the Buyer where Services are carried out at the Delivery Address.
- 8.3 Without prejudice to any other remedy available to the Buyer, if the Goods or Services are not supplied or performed in accordance with this Contract, then the Buyer will be entitled: (a) to require the Seller, at the Seller's expense to repair or supply replacement Goods or re-perform the Services as the case may be in accordance with this Contract within seven (7) Days of notification; or (b) in addition to (a), to recover any expedited shipping costs incurred by the Buyer to avoid or minimise any potential or actual late delivery, as well as any shipping costs incurred by the Buyer as a result of the Seller caused rework or repair; or (c) at the Buyer's sole option, and whether or not the Buyer has previously required the Seller to repair the Goods or to supply any replacement Goods or re-perform the Services, to treat this Contract as discharged by the Seller's breach and require the repayment of the price (or any part thereof) which has been paid by the Buyer in respect of such rejected Goods and Services.
- 8.4 The risk in any rejected Goods will revert to the Seller with effect from the date of the Buyer's rejection notice but the title in the Goods will only revert to the Seller once the Seller has complied with its obligations under Clause 8.3.
- 8.5 The Seller will indemnify the Buyer in full against all liability, loss, damages, costs and expenses (including legal expenses) awarded against or incurred by the Buyer as a result of or in connection with: (a) breach of any warranty given by the Seller in relation to the Goods or the Services; (b) any loss of or damage to property including the property of the Buyer and any personal injury or death caused in whole or in part by the neglect, act or omission of the Seller, its employees or agents; (c) any act or omission of the Seller or its employees, agents or sub-contractors in manufacturing, supplying, delivering and installing the Goods or carrying out the Services; and (d) any act or omission of any of the Seller's personnel in connection with the performance of the Services.
- 8.6 Nothing in this Contract will exclude or limit the liability of either party to the other party for (a) death or personal injury resulting from the negligence of that party or any of its respective directors, officers, employees, contractors or agents; (b) in respect of fraud, wilful acts of default or misconduct by that party or any of its respective directors, officers, employees, contractors or agents; (c) any damage to the tangible property of a party; (d) breach of the provisions set out in Clause 10 (e) pursuant to any indemnity given

- by a party; or (f) any other liability that cannot be excluded or limited by applicable law.
- 8.7 The Seller warrants that it will not solicit the Buyer's staff for employment during the period of fulfilment of the Contract or for a period one (1) year thereafter.
- 8.8 Subject to the foregoing, the Buyer's liability under this Contract will be limited to the Price.
- 8.9 This Clause 8 shall survive termination of the Contract.

## 9. TERMINATION

- 9.1 The Buyer will be entitled to cancel the Order in respect of all or part of the Goods and/or the Services by giving notice to the Seller at any time prior to delivery of the Goods or performance of the Services, in which event the Buyer's sole liability will be to pay the Seller its documented, reasonable and unavoidable out-of-pocket costs, less the disposal value of any Goods resulting from such cancellation, subject always to Buyer's receipt of notice thereof and a detailed invoice therefore being presented within thirty (30) Days of such cancellation.
- 9.2 The Buyer will be entitled to terminate this Contract without liability to the Seller by giving notice to the Seller at any time if: (a) the Seller commits any material breach of any of the terms of the Contract (which for the avoidance of doubt, shall automatically include a breach of Clauses 10.1 or 15); or (b) the Seller becomes debarred from contracting with the government of the United Kingdom ("UK"), the United States of America ("USA"), any member of the European Union, or the United Nations, or becomes designated on a relevant sanctions list; or (c) the Seller makes any voluntary arrangement with its creditors (within the meaning of the insolvency Act 1986) or becomes subject to an administration order or goes into liquidation (otherwise than for the purpose of amalgamation or reconstruction), is unable to pay its debts as they become due, suffers any act of bankruptcy, any resolution or petition to wind up the Seller is passed or a third party seizes or threatens to seize the Goods and/or Services before legal ownership has passed to the Buyer in accordance with this Contract, an encumbrancer takes possession, or a receiver is appointed of any of the property or assets of the Seller, it ceases or threatens to cease to carry on business or any circumstance arises or event occurs in relation to the Seller or any of its material assets in any country or territory in which it carries on business or to the jurisdiction of whose courts it or any of its assets is subject which corresponds with or has an effect equivalent or similar to any of those stated in this sub-Clause 9.2(c).
- 9.3 The Seller may terminate the supply of any Goods or the performance of any Services under the Contract, in whole or in part, at any time by giving at least ninety (90) Days' notice to the Buyer in writing. The Seller will thereupon reimburse any sums paid by the Buyer to the Seller in respect of the relevant Goods and/or Services plus any unavoidable costs arising from such termination including any increased costs in procuring the Goods and/or Services from an alternative supplier.
- 9.4 Upon the expiration or termination of this Contract for whatever reason, each party will return to the other party all material and information received in the performance of the Contract relating to the other party and its business connections, other than normal correspondence, letters, orders and the like.
- 9.5 The termination or expiry of this Contract will not prejudice or affect any right of action or remedy which will have accrued or will thereafter accrue to either party.

## 10. PROHIBITED ACTIVITIES

- 10.1 **Anti-Corruption Compliance:** The Seller confirms its understanding of the UK Bribery Act 2010 (the "UKBA") and the United States Foreign Corrupt Practices Act (the "FCPA") (15 U.S.C. Section 78dd-1, *et. seq.*) as amended. The Seller represents, warrants and covenants that it will comply with and not violate any provision of the UKBA or the FCPA, regardless of applicability of the law as a whole to the Seller.
- 10.2 The Seller specifically represents, warrants and covenants that:
- 10.2.1 It has not and will not, directly or indirectly, pay, promise, offer, or authorise the payment of any money or anything of value to:
- an officer, employee, agent or representative of any government, including any department, agency, or instrumentality thereof or any person acting in an official capacity thereof;
  - a candidate for political office, any political party or any official of a political party; or
  - any other person or entity;
- while knowing or having reason to know that all or any portion of such payment or thing of value will be offered, given or promised, directly or indirectly, to any person or entity for the purpose of assisting the Buyer in obtaining or retaining business (including this Contract), or an improper business advantage. Without limiting the generality of the foregoing, the Seller shall not directly

or indirectly, pay, promise, offer, or authorise the payment of any facilitation payment intended to expedite or secure performance of a routine governmental action, such as, customs clearance on behalf of the Buyer.

- 10.2.2 No gratuities such as, but not limited to, gifts, travel expenses, business courtesies, hospitalities or entertainment of any nature have been or will be accepted or made in connection with this Contract where the intent was, or is, to unlawfully influence the recipient of the gratuity. The Seller also represents that any gratuities offered or provided shall meet the following conditions:
- a) be permitted under the UK Bribery Act and US Foreign Corrupt Practices Act and the laws and regulations of the country in which this Contract will be performed;
  - b) be consistent with applicable social and ethical standards and accepted business practices;
  - c) be of such limited value as not to be deemed a bribe, payoff or any other form of improper inducement or payment; and
  - d) be of such nature that its disclosure will not cause embarrassment for the Buyer.
- 10.2.3 Breach of any of the foregoing provisions of Clauses 10.2.1 and 10.2.2 by the Seller shall be considered an irreparable material breach of this Contract and shall entitle the Buyer to terminate this Contract immediately without compensation to the Seller.
- 10.3 **Prohibited Activity:** Unless specifically authorised in writing by the Buyer, the Seller shall not engage in any of the following activities on behalf of the Buyer under this Contract: acting as an agent of the Buyer; marketing or sales promotion; lobbying; freight forwarding; offset consulting services; performing offset (industrial participation) consulting or brokering services; acting as a distributor or reseller; or activity as a joint venture party.
- 10.4 **Prohibited Contact:** Unless specifically authorised in writing in advance by the Buyer, the Seller shall not contact, either directly or indirectly, public officials or government officials of any country other than the United States of America (“USA”), United Kingdom (“UK”), Canada, Australia, Germany, France, or Italy in furtherance of its performance on behalf of the Buyer under this Contract.
- 10.5 No part of any compensation, fee or expense reimbursement paid by the Buyer will be used directly or indirectly to make any payment to any person or entity, or to provide any payment, gratuity, emolument, or other benefit to an official of any government or any political party.
- 10.6 In the event the Buyer notifies the Seller that the Buyer has information or reasonable belief that there may be a breach of this Contract by the Seller (or by the Buyer as a result of the activities of the Seller) or by an employee, agent, consultant or other party retained by or paid by the Seller in connection with the performance of this Contract, the Seller shall respond to the Buyer’s inquiries as to the possible breach and upon request by the Buyer shall make available to the Buyer for audit the Seller’s books, records and other relevant documentation.
- 10.7 If the Seller has information or belief that there may be a violation of the UKBA or the FCPA in connection with the performance of this Contract or work performed for the Buyer, the Seller shall immediately advise the Buyer of such knowledge or suspicion.

## 11. EXPORT AND IMPORT COMPLIANCE

- 11.1 Performance of the Order may involve the use of or access to products and technology of multiple origin, including the USA. The Seller shall comply with all applicable export laws, rules and regulations including but not limited to those of the UK, the European Union and the USA (collectively hereinafter referred to as the “**Export Laws and Regulations**”). From time to time, the United Nations, the European Union (and its Member States individually) and the USA may impose trade sanctions or embargoes involving trade with a particular nation. The scope of the Export Laws and Regulations identified in this Clause includes such sanctions and embargoes. The Seller shall comply with any and all Export Laws and Regulations, and any license(s) issued there under. The Seller is responsible for obtaining at its cost (unless otherwise stated in the Order or Special Terms) all export authorisation(s) required to provide the Goods and/or Services to the Buyer. The Seller shall not re-transfer any export-controlled information (e.g. technical data, technology or software) in performance of the Order to any other person or entity (including the Seller’s dual and/or third-country national employees) without first complying with all the requirements of the applicable Export Laws and Regulations. Prior to any proposed re-transfer, the Seller shall first obtain the written consent of the Buyer and ensure any needed export authorisations have been obtained.
- 11.2 No consent granted by the Buyer in response to any Seller’s request shall relieve the Seller of its obligations to comply with the provisions of Clause 11.1 or the Export Laws and Regulations, nor shall any such consent constitute a waiver of the requirements of Clause 11.1 hereinabove, nor constitute consent for the Seller to violate any provision of the Export Laws and Regulations.

- 11.3 For all Goods furnished and/or Services rendered by the Seller to the Buyer, the Seller shall provide the applicable export controls information (e.g., classification on the UK Strategic Goods List, Export Control Classification Number (ECCN) under the Export Administration Regulation or ITAR categorization) for all Goods furnished and/or Services rendered by the Seller to the Buyer, except when the Seller is manufacturing to the Buyer's Specification. If the Goods and Services are based on the Buyer's Specification, the Buyer will advise the Seller whether the technology and/or resulting Goods and Services are export controlled. If the Seller is not the Original Equipment Manufacturer (OEM), the Seller shall obtain the applicable export control classification information from its source of supply. The Seller will include the export controls information on its packing slips and shipping documentation and also provide to the Buyer at the Buyer's request.
- 11.4 The Seller shall comply with all applicable customs laws and regulations pertaining to the importations of the Goods and/or Services. For domestic purchase orders (that is, Orders issued to entities addressed in the same country as the Buyer), the Seller shall assume all import responsibilities. Unless otherwise agreed in writing, the Buyer will not assume any import responsibility or liabilities for customs duty and other taxes for Goods and/or Services procured through a domestic purchase order.
- 11.5 The Seller agrees to provide prompt notification to the Buyer in the event of changes in circumstances such as ineligibility to contract with the UK or USA governments and initiation or existence of a government investigation that could affect Seller's performance under the Order.

## **12. ANTI-HUMAN TRAFFICKING**

- 12.1 The Buyer prohibits its employees, agents, subcontractors, suppliers and contract labour from engaging in activities that support or promote trafficking in persons, including, but not limited to, any of the following, whether directly or indirectly:
  - 12.1.1 Trafficking in persons, including, but not limited to the following:
    - a) sex trafficking; or
    - b) the recruitment, harbouring, transportation, provision, or obtaining of a person for labour or services through the use of force, fraud, or coercion for the purpose of subjection to involuntary servitude, debt bondage, or slavery.
  - 12.1.2 The procurement of a commercial sex act;
  - 12.1.3 The use of forced labour in the performance of company business;
  - 12.1.4 The use of any form of child labour;
  - 12.1.5 The use of misleading or fraudulent recruitment activities;
  - 12.1.6 Charging employees' recruitment fees;
  - 12.1.7 Failing to pay for the return transportation at the end of employment for an employee who is not a national of the country in which the work is taking place and who was brought into that country for the purpose of working;
  - 12.1.8 Providing or arranging housing that fails to meet the host country housing and safety standards; or
  - 12.1.9 If required, failing to provide an employment contract, recruitment agreement, or similar work document in writing, in the individual's native language and prior to the individual departing from his or her country of origin.
- 12.2 The Seller represents and warrants that it shall abide by and comply with the requirements of this Clause and any relevant applicable laws or regulations. Further, the Seller shall require its employees, agents, contract labour, subcontractors and suppliers to abide by and comply with the requirements of this Clause.
- 12.3 The Buyer or its authorised representatives may, at any time, audit all pertinent books, records, work sites, offices, and documentation of the Seller in order to verify compliance with this Clause. The Seller will, in all of its lower-tier subcontracts and contracts relating to this or any other Buyer's Order with the Seller, include provisions which secure for the Buyer all of the rights and protections provided for within this Clause.
- 12.4 The Seller acknowledges that if the Seller or any of its employees, agents, or contract labour engages in any of the prohibited activities in this Clause, this Contract is subject to termination.
- 12.5 Whenever the Seller has knowledge, whether substantiated or not, that any actual or suspected violation of this Clause has occurred, the Seller shall immediately give written notice to Buyer and provide all relevant information including, but not limited to, the nature of the actual or suspected violation.
- 12.6 The Seller shall provide its full cooperation during any subsequent investigation of the actual or suspected violation by the Buyer, the Buyer's representative, or regulatory authority. Seller's cooperation shall include, but not be limited to, permitting inspection of its work sites, offices, and documentation, as

necessary to support any investigation.

- 12.7 The Seller shall, at its own expense, defend, indemnify and hold harmless the Buyer and its affiliates, and all of their directors, officers, agents, employees, successors and assigns, against any claims, loss, damage or expense, regardless of how arising and even if unforeseeable, including, without limitation, payment of direct, special, incidental and consequential damages and attorney's fees, arising out of, or relating to, the Seller's or the Seller's employees, agents, subcontractors, suppliers or contract labour's failure to comply with the requirements of this Clause.
- 12.8 The Seller agrees to insert the substance of this Clause, including this sentence, in any lower-tier subcontract or labour contract.

### **13. SUSPECT/COUNTERFEIT PARTS**

- 13.1 The Seller shall establish and maintain a material authenticity process that ensures compliance with the requirements of this Contract. The Seller's obligation to substantiate authenticity shall survive acceptance of and payment for Goods delivered under this Contract.
- 13.2 The Seller shall not furnish suspect counterfeit or counterfeit parts to the Buyer under this Contract. All material delivered under this Contract shall be authentic and traceable to the original manufacturer. The Seller shall provide authenticity and traceability records to the Buyer upon request. The Seller shall ensure that it does not acquire any electronic parts from brokers unless it has obtained the prior written approval from the Buyer. The Seller shall immediately notify the Buyer if the Seller cannot provide electronic parts, components, and/or assemblies traceable to the original component manufacturer or the original equipment manufacturer. Upon receipt of such notification, the Buyer reserves the right to terminate this Contract at no cost to the Buyer or require specific material validation test and inspection protocol requirements to the Seller.
- 13.3 If suspect counterfeit or counterfeit parts are furnished under this Contract and are found in any of the Goods delivered hereunder, such items will be impounded by the Buyer. The Seller shall promptly replace such suspect/counterfeit parts with parts acceptable to the Buyer. The Seller shall be liable for all costs relating to the removal and replacement of said parts, including, without limitation, the Buyer's external and internal costs of removing such suspect/counterfeit parts, of reinserting replacement parts and of any testing or validation necessitated by the reinstallation of the Seller's Goods after suspect/counterfeit parts have been exchanged. The Buyer's remedies described herein shall not be limited by any other Clause agreed upon between the Buyer and the Seller in this Contract and are in addition to any remedies the Buyer may have at law, equity or otherwise under this Contract. At the Buyer's request, the Seller shall return any removed suspect counterfeit or counterfeit parts to the Buyer in order that the Buyer may turn such parts over to its customer for further investigation.
- 13.4 The Seller agrees to insert the substance of this Clause, including this sentence, in any lower tier subcontract.

### **14. CONFLICT MINERALS**

- 14.1 If the Seller is providing Goods to the Buyer under the Order, the Seller shall use commercially reasonable efforts to:
- 14.1.1 identify whether such Goods contain tin, tantalum, gold or tungsten;
  - 14.1.2 determine whether any such minerals originated in covered countries, as defined in Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Act"); and
  - 14.1.3 perform appropriate due diligence on its supply chain in support of the Buyer's obligations under the Act.
- 14.2 In addition, the Seller shall, as soon as reasonably practicable following the completion of the calendar year, provide a completed Conflict Minerals Reporting Template, using the form found at <http://www.conflictreesourcing.org/conflict-minerals-reporting-template/>. If requested, the Seller will promptly provide information or representations that the Buyer reasonably believes are required to meet the Buyer's conflict minerals compliance obligations.

### **15. COMPLIANCE WITH LAWS**

- 15.1 Without limiting any other obligations under these Conditions, the Seller shall ensure that, at all times in delivery of the Goods and Services, it complies with all applicable laws and regulations, and shall ensure that its employees, agents and representatives similarly comply.
- 15.2 The Seller shall specifically ensure that it complies with all laws, in any part of the world, in relation to the registration for or payment of any taxes which might be due in connection with the performance of the

Services or supply of any Goods, under this Contract. Without limiting the foregoing, the Seller shall: (a) not, directly or indirectly, knowingly participate in, be concerned in or take steps with a view to, the fraudulent evasion of tax by another person; (b) provide prompt notification to the Buyer of any tax offence related to the provision of the Goods or Services or any attempt to evade the proper payment of tax in relation to the Goods or Services; and (c) include the substance of this Clause in all subcontracts or other agreements with its agents, representatives or subcontractors providing any of the Goods or performing any of the Services and be responsible for the observance and performance by such agents, representatives or subcontractors of this Clause. For purposes of this Clause 15.2, the terms “tax” or “taxes” include income tax, property tax, sales tax, value added tax, and similar taxes.

- 15.3 The Seller shall maintain environmental, health and safety management systems as appropriate to ensure compliance with applicable laws. The Seller further agrees to continuously promote a safe and healthy workplace and a sustainable environment related to water and air quality, water and energy conservation, greenhouse gas emission reductions, solid and hazardous waste reductions. The Seller shall convey the requirement of this Clause to its suppliers.

## 16. SUPPLIER STANDARDS OF BUSINESS CONDUCT

- 16.1 The Seller shall comply with Sperry Marine’s Supplier Standards of Business Conduct (available at [Standards of Business Conduct](#)) (the “**Sperry Marine Supplier Code**”). The Seller shall ensure that its employees are aware of their contribution to product or service conformity, their contribution to product safety, and the importance of ethical behaviour. The Seller represents and warrants that it has not participated, and will not participate, in any conduct that violates the Sperry Marine Supplier Code. The Seller shall notify the Buyer if at any time the Seller becomes aware of any actual or suspected violation of the Sperry Marine Supplier Code. If the Buyer determines that the Seller is in violation of the Sperry Marine Supplier Code, the Buyer may cancel the Order upon written notice to the Seller and the Buyer shall have no further obligation to the Seller.

## 17. NOTIFICATION OF STATUS CHANGE

- 17.1 The Seller agrees to provide prompt notification to the Buyer of any event or change in circumstances that could affect the Seller’s performance of the Order such as ineligibility to contract with the government of the UK or USA, designation on a UK, USA, or European Union sanctions list, assignment of consent agreement, change in place of performance, decrease in manufacturing capacity, diminishing manufacturing sources or material shortages, increase in production requirements, labour reductions, financial or organizational conflicts of interest, and significant financial conditions requiring any of the preceding changes.
- 17.2 By accepting the Order, the Seller certifies that the most recent representations and certifications provided by the Seller continue to remain valid and unchanged. Sellers that provided anti-corruption compliance due diligence information (e.g., related to its ownership and personnel, subsidiaries and third parties, the due diligence questionnaire, and related certifications) to a Buyer representative or through the Buyer’s Global Trust website shall provide the Buyer with prompt notification and details of any changes to information contained in such due diligence materials, and agrees to promptly cooperate with the Buyer and provide additional information reasonably requested in relation to such changes. In the event of a material change to information contained in the due diligence material supplied to the Buyer, the Buyer reserves the right to suspend performance under this Contract by providing written notice to the Seller in order for the Buyer to conduct additional anti-corruption due diligence upon such changed circumstances.
- 17.3 The Seller shall notify the Buyer of any proposed change in Control within thirty (30) days prior to such event. The notice shall describe in reasonable detail the proposed transaction structure and any proposed changes to management, operations, domicile, key locations, the board of directors and/or ownership (along with a commitment to cooperate with the Buyer and provide additional information reasonably requested related to such proposed change in Control). The Seller shall not effect a change in Control without prior, written consent from Buyer, such consent not to be unreasonably withheld. For purposes of this Contract, “**Control**” means the power, directly or indirectly, to (a) vote more than fifty (50) percent of the securities that have ordinary voting power for the election of the Seller’s directors; or (b) direct, or cause the direction of, the management and policies of the Seller whether by voting power, contract, or otherwise. If a person obtains Control by acquiring more than fifty (50) percent of the securities that have ordinary voting power for the election of the Seller’s directors, that acquisition may be accomplished by one or multiple transfers.

17.4 Failure to provide the notice under this Clause shall be deemed a material breach of this Contract.

## 18. RESPONSE TO AUDIT

18.1 The Buyer shall have access to and the right to examine any of the Seller's directly pertinent records involving transactions related to this Contract and to interview any current employee regarding such transactions. This requirement may not be construed to require the Seller to create or maintain any record that the Seller does not maintain in the ordinary course of business or pursuant to a provision of law. The Seller shall make available at its office at all reasonable times the records, materials, and other evidence for examination, audit, or reproduction, until three (3) years after final payment under this Contract or for any longer period required by other Clauses of this Contract.

## 19. GENERAL

19.1 **Force Majeure:** Neither party will be liable to the other for any failure to comply with its obligations due to the following events: acts of God, civil or military disturbances, acts of governmental authority, or industrial action (excluding industrial action of the Seller's employees) (each a "Force Majeure Event"). In the event that a party suffers a Force Majeure Event it will notify the other party of such as soon as reasonably possible (and in any event within seven (7) Days) and advise the other party of the date it expects to resume delivery of the Goods or performance of the Services as the case may be. In the event that the Force Majeure Event endures for more than sixty (60) Days, the parties will meet and review in good faith, the desirability of and conditions for continuation of the Contract and any failure to resolve the same will entitle the Buyer to terminate the Contract (in whole or in part) without further liability to the Seller. The Buyer will have the right to seek a third party source for Services, at its own expense, during the Force Majeure Event, without liability to the Seller for any Services affected by the Force Majeure Event.

19.2 **Assignment and Sub-contracting:** This Contract may not be assigned in whole or in part by either party without the prior written consent of the other party.

19.3 **Notices:** Any notice, consent, permission or other communication required or permitted to be given by either party to the other party under the Contract will be: (a) in writing in English; (b) signed by or on behalf of the sender; and (c) addressed to the other party at its registered office or principal place of business or such other address as may have been notified pursuant to this provision to the party giving the notice. Notices must be delivered by at least one of the following delivery methods: hand, recorded delivery post (or any equivalent postal service) or e-mail. For notice delivered by email, the delivery fax number and email addresses will be those numbers and addresses as are set out in the Order and/or the Special Terms as the case may be or as notified to the other party from time to time. Notices delivered by hand or post shall be deemed delivered on, if delivered by hand, when left at the address referred to in part (a) of this Clause 19.3 and, if sent by post one (1) Day after receipt of such notice by the Buyer. The provisions of this Clause 19.3 shall not apply to the service of any proceedings or other documents in any legal action.

19.4 **No Waiver:** The failure by the Buyer to exercise, or its delay in exercising, a right, power or remedy provided by this Contract or by law will not constitute a waiver by the Buyer of that right, power or remedy. If the Buyer waives a breach of any provision of this Contract this will not operate as a waiver of a subsequent breach of that provision, or as a waiver of a breach of any other provision.

19.5 **Severability:** If any provision, or part of a provision, of this Contract is found by any court or authority of competent jurisdiction to be illegal, invalid or unenforceable in whole or in part that provision or part-provision will be deemed not to form part of this Contract, and the legality, validity or enforceability of the remainder of the provisions of this Contract will not be affected, unless otherwise required by operation of applicable law. The parties will use all reasonable endeavours to agree within a reasonable time upon any lawful and reasonable variations to this Contract which may be necessary in order to achieve, to the greatest extent possible, the same commercial effect as would have been achieved by the provision, or part-provision, in question.

19.6 **Dispute Resolution:** Should any question, dispute or difference whatsoever arise between the parties in relation to or in connection with this Contract: (a) the Buyer or the Seller may give notice to the other in writing of the existence of such a question, dispute or difference and nominated representatives of both parties will meet within fourteen (14) Days of such notice to attempt to reach a solution; (b) if the parties are unable to resolve any dispute within fourteen (14) Days of its referral under (a) above, then the parties will attempt to settle it by mediation in accordance with the Centre for Effective Dispute Resolution's (CEDR's) Model Mediation Procedure; (c) if no mutually acceptable solution is found pursuant to (b) above, then the matter will be finally settled in accordance with the Arbitration Rules of the International Chamber of Commerce by three (3) arbitrators, which Rules are deemed to be incorporated by reference

into this Clause. Arbitration will take place in London, England and the language to be used in the proceedings will be English; (d) the prevailing party in any arbitration or legal proceeding brought by one party against the other party and arising out of or in connection with this Contract will be entitled to recover its legal expenses, including arbitration costs, court costs and reasonable lawyers and experts fees.

- 19.7 **Governing Law:** The Contract (and any part thereof) and any disputes or claims arising out of or in connection with it or its subject matter or formation (including non-contractual disputes or claims) will be governed by the laws of England and Wales. Subject to Clause 19.6, the courts of England and Wales will have exclusive jurisdiction to settle any dispute or claim arising out of or in connection with this Contract (including any non-contractual disputes or claims).
- 19.8 **Offset:** The total value of this Contract is to be applied as offset credit in support of any present or future offset obligations, in the Seller's country, of the Buyer or its parent company or affiliates. The Buyer will have the right to assign, sell or otherwise transfer such credits to third parties of its choice.
- 19.9 **Confidentiality:** A party (the "Receiving Party") will keep in strict confidence all technical or commercial know-how, specifications, inventions, processes or initiatives which are of a confidential nature and have been disclosed to the Receiving Party by the other party (the "Disclosing Party"), its employees, agents or subcontractors, and any other confidential information concerning the Disclosing Party's business or its products or its services which the Receiving Party may obtain. The Receiving Party will restrict disclosure of such confidential information to such of its employees, agents or subcontractors as need to know it for the purpose of discharging the Receiving Party's obligations under this Contract, and will ensure that such employees, agents or subcontractors are subject to obligations of confidentiality corresponding to those which bind the Receiving Party. This Clause shall survive termination and the parties agree that damages alone would not be an adequate remedy in the event of breach by either party of the provisions of this Clause 19.9.
- 19.10 **Entire Agreement:** This Contract represents the entire agreement between the parties with respect to the subject matter hereof and will apply to this Contract to the exclusion of any other terms or conditions purported to apply by any other document. Each party acknowledges that it has not relied on any statement, promise or representation made or given by or on behalf of the other party which is not set out in the Contract, and waives all rights and remedies which might otherwise be available to it in relation to any such statement, promise or representation, but for this Clause 19.10. Nothing in this Contract will exclude or limit either party's liability for fraud or fraudulent misrepresentation.
- 19.11 **Independent Contractors:** Nothing in this Contract will (except as expressly provided) be deemed to constitute a partnership, or create a relationship of principal and agent between the parties for any purpose.
- 19.12 **Publicity:** Neither of the parties to this Contract will make public in any way any details of this Contract without the written agreement of the other party.
- 19.13 **Third Parties:** The Contract is enforceable by the original parties only and no other persons will have any rights either under the Contracts (Right of Third Parties) Act 1999 or otherwise to enforce any term of this Contract. The term "original parties" will include the Buyer's parent company and any associated subsidiaries and affiliates.
- 19.14 **Amendments:** No alterations or amendments to this Contract will be effective unless contained in a written document signed by the authorised representatives of each of the parties.
- 19.15 **Survival:** Any terms of this Contract which are either expressed so as to survive (or are capable of surviving) expiry, variation or termination of this Contract or from their nature or context it is contemplated that they are to survive expiry, variation or termination, will remain in full force and effect notwithstanding expiry, variation or termination.

## 20. SPECIFICATIONS AND INTELLECTUAL PROPERTY

- 20.1 The quantity, quality and description of the Goods and the Services will be subject to these Conditions and will be as specified in the Order and/or in any applicable Specification or Special Terms supplied by the Buyer to the Seller or agreed in writing by the Buyer.
- 20.2 Any Specification supplied by the Buyer to the Seller, or specifically produced by the Seller for the Buyer, in connection with this Contract, together with any Intellectual Property in such Specification(s), will be the exclusive property of the Buyer and the Seller will take all steps necessary to vest such rights in or to Intellectual Property in the Buyer. The Seller will not disclose to any third party or use any such Specification except to the extent that it is or becomes public knowledge through no fault of the Seller, or as required for the purpose of this Contract.
- 20.3 If in the course of rendering any Services any employee of the Seller or its personnel develops, either individually or in conjunction with any other person, any Intellectual Property ("**Developed IPR**") the

Seller will, and will procure that each of its employees, agents and subcontractors (and any employee or agent of any subcontractor) will, promptly disclose full details thereof to the Buyer and all rights in the same will vest in the Buyer. The Seller: (a) hereby assigns to the Buyer, by way of present and future assignment, all its rights, title and interest in any Developed IPR so arising (whether now existing or brought into being in the future) anywhere in the world; and (b) will consider itself as a trustee for the Buyer in relation to all Developed IPR and will at the request and expense of the Buyer do all things necessary to vest all rights, title and interest in any Developed IPR arising in the Buyer or its nominee absolutely as legal and beneficial owner and to secure patent or other appropriate forms of protection for such Developed IPR, including procuring that any employee, agent or subcontractor (or any employee or agent of any subcontractor) will assign all their rights, title and interest in any Developed IPR.

- 20.4 This Contract does not confer or grant, in any manner whatsoever, any license or right under any Intellectual Property held by the Seller, unless specifically set forth in this Contract.
- 20.5 The Seller shall indemnify the Buyer against liability and losses, including costs, for actual or alleged infringement of any Intellectual Property arising out of the manufacture or delivery of the Goods or performance of the Services under this Contract or out of the use or disposal by the Buyer of such Goods or Services. This indemnity shall not apply unless the Seller shall have been informed as soon as practicable by the Buyer of the suit or action or other proceeding alleging such infringement and shall have been given such opportunity as is afforded by applicable laws, rules or regulations to participate in the defence thereof.
- 20.6 The indemnity in Clause 20.5 shall also not apply if: (a) the infringement results from compliance with specific written instructions of the Buyer directing a change in the Goods or Services to be delivered or in the materials or equipment to be used, or directing a manner of performance of this Contract not normally used by the Seller, or (b) the infringement results from an addition to, or change in, the Goods or Services made subsequent to delivery or performance by the Seller, or (c) the claimed infringement is settled without the consent of the Seller, unless required by final decree of a court of competent jurisdiction.

## 21. CONFIDENTIALITY AND DATA PROTECTION

- 21.1 For the purpose of this Contract, “**Controller**”, “**Processor**”, “**Personal Data**”, “**Data Subject**”, “**Processing**” and “**Personal Data Breach**” shall have the meanings ascribed to them in the EU General Data Protection Regulation or the UK Data Protection Act 2018 or any other law relating to data protection enacted in connection with the United Kingdom’s (“**UK**”) departure from the European Union (“**EU**”).
- 21.2 The Seller shall ensure, where it Processes Personal Data as a Processor under this Contract, that:
- 21.2.1 It Processes Personal Data only on the Buyer’s documented instructions (including with regard to any transfer of Personal Data to a third country or an international organization), unless the Seller is required to Process Personal Data by European Union (“**EU**”) law or EU Member State law to which the Seller is subject. In such a case, the Seller shall inform the Buyer of that legal requirement before Processing Personal Data, unless that law prohibits such information on important grounds of public interest;
- 21.2.2 It immediately informs the Buyer if, in the Seller’s opinion, an instruction infringes applicable data protection provisions;
- 21.2.3 It ensures that persons authorized to Process Personal Data have committed themselves to confidentiality or are under an appropriate statutory obligation of confidentiality;
- 21.2.4 It implements technical and organizational measures to ensure a level of security appropriate to the risks presented by the Processing of Personal Data which the Seller shall complete in the format set out in the Annex below and include as part of the Specification, including inter alia, as appropriate:
- a) The pseudonymisation and encryption of Personal Data;
  - b) The ability to ensure the ongoing confidentiality, integrity, availability and resilience of Processing systems and services;
  - c) The ability to restore the availability and access to Personal Data in a timely manner in the event of a physical or technical incident;
  - d) A process for regularly testing, assessing and evaluating the effectiveness of technical and organizational measures for ensuring the security of the processing.
- 21.2.5 Taking into account the nature of the Processing of Personal Data, it assists the Buyer, by appropriate technical and organizational measures, insofar as this is possible, in fulfilling the Buyer’s obligation to respond to requests for exercising Data Subjects’ rights;
- 21.2.6 It assists the Buyer in ensuring compliance with the Buyer’s obligations regarding security of

Processing, notifications of a Personal Data Breach to the supervisory authority and to the data subject, and data protection impact assessments and related prior consultations with the supervisory authority;

- 21.2.7 It will notify the Buyer without undue delay and in no case later than twenty-four (24) hours after becoming aware of a Personal Data Breach in any way impacting Personal Data being Processed on behalf of the Buyer under this Contract;
- 21.2.8 At the Buyer's choice, it deletes or returns all Personal Data to the Buyer after the end of the provision of the services relating to the Processing, and deletes existing copies, unless EU law or the law of EU Member State to which the Seller is subject or UK law requires storage of Personal Data; and
- 21.2.9 It makes available to the Buyer all information necessary to demonstrate compliance and allow for and contribute to audits, including inspections, conducted by the Buyer or another auditor mandated by the Buyer.
- 21.3 The Buyer agrees that the Seller may subcontract any of the Processing operations performed on behalf of the Buyer under this Contract, subject to the proviso that the Seller shall provide the Buyer with a list of all the sub-processors under the Annex. The Seller shall notify the Buyer of any intended changes concerning the addition or replacement of sub-processors and give the Buyer the opportunity to object to such changes. Where the Seller engages a sub-processor for carrying out specific Processing activities on behalf of the Buyer, the Seller shall ensure that such sub-processor has entered into a written agreement that imposes the same data protection obligations as set out in this Clause. Where the sub-processor fails to fulfil its data protection obligations, the Seller shall remain fully liable to the Buyer for the performance of that sub-processor's obligations.

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#### Annex – Data Processing Description

The information below shall be included in the Order:

- Subject-matter and duration of the Processing:  
[INSERT DESCRIPTION]
- Nature and purposes of the Processing:  
[INSERT DESCRIPTION]
- Types of Personal Data  
[INSERT DESCRIPTION]
- Data Subjects  
[INSERT DESCRIPTION]
- List of sub-processors  
[INSERT NAMES]

## 22. INFORMATION SECURITY

### 22.1 Definitions

**"Data"** means all financial/business information, designs, dimensions, specifications, drawings, patterns, computer files or software, know how, or other information, including technical data, concerning methods, manufacturing processes, equipment, gauges and tools used in the design and manufacture of Goods or the provision of Services. Data may be recorded in a written or printed document, computer or electronically stored, software, or any other tangible form of expression.

**"Information Security Incident"** means (i) any actual or potential incident involving any Information System or equipment owned or controlled by Seller that may involve Buyer's Sensitive Information, or (ii) any actual or potential unauthorized access to, use, or disclosure of Buyer's Sensitive Information.

**"Information"** means any communication or representation of knowledge such as facts, Data, or opinions, in any medium or form, including textual, numerical, graphic, cartographic, narrative, or audio visual.

**"Information System"** means a discrete set of Information resources that collect, process, maintain, use, share, disseminate, or dispose Information. **"Procurement Contracting Official (PCO)"** means the person authorized by the Buyer to administer and/or execute this Contract and who has sole authority to make contractual commitments on behalf of the Buyer, to provide contractual direction, and to change contractual

requirements of this Contract.

"**Sensitive Information**" means any Information that is collected, processed, maintained, used, shared, or disseminated in connection with this Contract that warrants protection to ensure its confidentiality, integrity and availability including, but not limited to, any Buyer's proprietary or confidential Information and third party proprietary Information, and Personal Data.

## 22.2 Reasonable and Appropriate Security Controls

22.2.1 Seller shall apply reasonable and appropriate administrative, technical, physical, organizational, and operational safeguards and operations to protect Sensitive Information against accidental and unlawful destruction, alteration, and unauthorized or improper disclosure or access regardless of whether such Sensitive Information is on Seller's internal systems or a cloud environment.

22.2.2 If the Seller's performance of the Order involves the transmission, storage, or processing of Sensitive Information on an Information System, Seller shall at a minimum apply the following controls:

### a) Basic Safeguarding Controls

- i. Limit Information System access to authorized users, processes acting on behalf of authorized users, or devices (including other Information Systems).
- ii. Limit Information System access to the types of transactions and functions that authorized users are permitted to execute.
- iii. Verify and control/limit connections to and use of external Information Systems.
- iv. Control Information posted or processed on publicly accessible Information Systems.
- v. Identify Information System users, processes acting on behalf of users, or devices.
- vi. Authenticate (or verify) the identities of those users, processes, or devices, as a prerequisite to allowing access to Seller's Information Systems.
- vii. Sanitize or destroy Information System media containing Sensitive Information before disposal or release for reuse.
- viii. Limit physical access to Seller's Information Systems, equipment, and the respective operating environments to authorized individuals.
- ix. Escort visitors and monitor visitor activity; maintain audit logs of physical access; and control and manage physical access devices.
- x. Monitor, control, and protect Seller's communications (i.e., Information transmitted or received by Seller's Information Systems) at the external boundaries and key internal boundaries of the Information Systems.
- xi. Implement sub-networks for publicly accessible system components that are physically or logically separated from internal networks.
- xii. Identify, report, and correct Information and Information System flaws in a timely manner.
- xiii. Provide protection from malicious code at appropriate locations within Seller's Information Systems.
- xiv. Update malicious code protection mechanisms when new releases are available.
- xv. Perform periodic vulnerability scans of the Information System and real-time scans of files from external sources as files are downloaded, opened, or executed.

### b) Additional Basic Security Controls

- i. Establish and enforce security configuration settings for information technology products employed in Seller's Information Systems.
- ii. Establish and maintain data protection processes and systems to adequately protect Sensitive Information, including pertaining to destruction methods employed, how audit and system log information is protected, and having the capability to encrypt Sensitive Information during transmission.
- iii. Ensure that risks identified in scans performed under Clause 22.2.2(a)(xv) of this Clause are promptly addressed.

## 22.3 Information Security Incident Response and Notification

22.3.1 Seller must have documented processes that address Information Security Incidents. These processes should be a set of written instructions that include, but are not limited to: detecting, responding to, and limiting the effects of an Information Security Incident.

22.3.2 Immediately after and in any event no later than 72 hours of discovery, Seller will notify

Buyer's PCO and Buyer's Cyber Security Operations Center (CSOC) at [csoc@euro.ngc.com](mailto:csoc@euro.ngc.com) of any Information Security Incident. At Seller's expense, Seller will (i) immediately investigate any Information Security Incident, (ii) make all reasonable efforts to secure Sensitive Information and mitigate the impact of the Information Security Incident, (iii) provide timely and relevant information to the Buyer about the Information Security Incident on an ongoing basis, and (iv) cooperate as applicable with the Buyer to provide notice to affected third parties.

- 22.3.3 This Clause does not relieve Seller of any other applicable safeguarding requirements, remedies, or obligations regarding the protection of Sensitive Information required by this Contract, under common law or other governmental agencies or departments, including but not limited to the Official Secrets Act 1986 and the Network and Information Systems Regulations 2018.
- 22.4 Seller shall respond promptly and appropriately to any inquiries from the Buyer related to compliance with this Clause to include documentation of implemented controls and processes discussed above.