

## INTERNATIONAL SUPPLEMENT TO SPARTON GENERAL PROVISIONS FOR SUBCONTRACTS AND PURCHASE ORDERS

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These clauses apply to if Buyer places this Order to Seller outside of the United States, or Seller fulfills Order by shipment of Goods to Seller from outside of the United States. Sparton General Provisions for Subcontracts and Purchase Orders are modified by the following additional clauses.

- 1) **DUTY FREE CLAUSE.** The following Duty Free Clause statement should be annotated in bold on all foreign supplier or shipper Commercial Invoices sent with shipments entering the United States with a U.S. Government prime contract number when goods are entitled to duty-free entry: **“UNITED STATES DEPT. OF DEFENSE DUTY-FREE ENTRY TO BE CLAIMED PURSUANT TO SECTION XXII, CHAPTER 98, SUB-CHAPTER VIII, ITEM 9808.00.3000 OF THE HARMONIZED TARIFF SCHEDULES TO THE UNITED STATES. UPON ARRIVAL OF SHIPMENT AT THE PORT OF ENTRY, DISTRICT DIRECTOR OF CUSTOMS, PLEASE RELEASE SHIPMENT UNDER SECTION 19 CFR PART 142 AND NOTIFY COMMANDER, DEFENSE CONTRACT MANAGEMENT AREA OPERATIONS (DCMAO) NEW YORK, FOR EXECUTION OF CUSTOMS FORMS AND ANY REQUIRED DUTY-FREE ENTRY CERTIFICATES.”**
  - a) Indicate the U.S. Government prime contract number.
  - b) For applicable shipments from Canada annotate the ITAR at 22 CFR 126.5A (allowing for Temporary Import without a license).
  - c) For repair items shipped from Canada, annotate the Shippers Declaration of Repair clause.
- 2) **ENGLISH LANGUAGE.** The parties agree that this contract, as well as all contractual documents, correspondence, invoices, notices, and other documents, shall be in American English. Any necessary conversations shall be in English. Buyer shall determine whether measurements will be in the English or metric system or a combination of the two. Seller shall not convert measurements that Buyer has stated in the English system into the metric system in documents furnished to Buyer. The following sentence is applicable only to companies located in Quebec, Canada: "Les parties aux presentes ont convenu de rediger ce contrat en Anglais seulement." [Translation: The parties hereto have agreed that this contract be drafted in English only.]
- 3) **IMPORT/EXPORT**
  - a) Seller shall comply with applicable import and export laws and regulations of Seller's country and of the United States and with all applicable export licenses and their provisos. This contract may involve information or items which are subject to the International Traffic in Arms Regulations (ITAR) or Export Administration Regulations (EAR) and which may not be released to "Foreign Persons" inside or outside the United States without the proper export authority.
  - b) The ITAR defines a Foreign Person as any person who is not a U.S. citizen, a lawful permanent resident as defined by 8 USC 101(a)(20), or a protected individual as defined by 8 USC 1324b(a)(3). Foreign Person also means a corporation, business association, partnership, or any other entity that is not incorporated or organized to do business in the United States, as well as international organizations, foreign governments, and any agency or subdivision of foreign governments (e.g. diplomatic missions).
  - c) The importer/exporter of record has obtained or will obtain and properly utilize, U.S. Government import/export authorization to furnish to Seller any defense articles, technical data, defense services, software, and/or other controlled items (together referred to herein as "Controlled Items") requiring such authorization, which are necessary for Seller to perform this contract. Such Controlled Items are authorized for export only to Seller's country for use by Seller and may not, without the prior written approval of the U.S. Government, be transferred, transshipped on a non-continuous voyage, or otherwise disposed of in any other country, either in their original form or after being incorporated into other end items. If so requested by the importer/exporter of record, the other party shall assist in obtaining such authorization. If U.S. Government import/export authorization is not available, cannot be obtained, or is obtained and subsequently revoked, Controlled Items to be delivered or exchanged pursuant to this contract shall not be imported, exported, or re-exported. Resale or other transfer of items delivered or exchanged pursuant to this contract shall be in accordance with this clause.
- d) U.S. Government import/export authorization is based upon the following ITAR requirements and upon all applicable export licenses with which Seller agrees to comply: Seller shall use Controlled Items furnished by Buyer only in the manufacture of Goods in accordance with this contract.
- e) Seller shall not disclose or provide Controlled Items furnished by Buyer to any Foreign Person either in the United States or abroad before obtaining written authorization from Buyer or from the U.S. Department of State Office of Defense Trade Controls, except that if Seller is itself a Foreign Person, it may disclose or provide Controlled Items furnished by Buyer to Seller's employees who are nationals of Seller's country of site.
- f) Seller acquires no rights in Controlled Items furnished by Buyer except to use them to perform this contract. Seller shall not purport to convey to any subcontractor or person any greater rights in the data than Seller has. Seller may convey to subcontractors the right to use the Controlled Items only as required to perform their subcontracts.
- g) Seller shall deliver the articles manufactured in accordance with this contract only to Buyer in the United States or, with Buyer's authorization, to the U.S. Government.
- h) Upon completion or termination of this contract, Buyer may require Seller to: i) return to Buyer all technical data furnished by Buyer pursuant to this contract; or ii) destroy such technical data and to certify in writing to such destruction.
- i) Seller shall impose these requirements, a through h inclusive, suitably revised to properly identify the parties, on all subcontractors to whom Seller intends to furnish Controlled Items provided by Buyer for use by the subcontractors in performance of subcontracts.
- j) Seller agrees, in addition to the above procedures established by the ITAR, to place the following legend on all technical data obtained, used, generated, or delivered in performance of this contract:

**WARNING—Information Subject to Export Control Laws**

This document may contain information subject to the International Traffic in Arms Regulation (ITAR) or the Export Administration Regulation (EAR) of 1979. This information may not be exported, released, or disclosed to Foreign Nationals outside the United States without first complying with the export license requirements of the ITAR and/or the EAR. A violation of the ITAR or EAR may be subject to a penalty of up to 10 years imprisonment and a fine of \$100,000 under 22 USC 2778 or section 2410 of the Export Administration Act of 1979. Include this notice with any reproduced portion of this document.

- 4) **INCOTERMS.** Incoterms 2000, published by the International Chamber of Commerce, shall govern this contract to the extent this contract specifies terms covered by Incoterms 2000, provided that in the event of any conflict between this contract and Incoterms 2000, this contract shall govern.
- 5) **INVOICES AND PACKING SHEETS.** Seller's commercial invoices must include the following information in English:
  - a) The name and address of the Seller.
  - b) The name and address of the Buyer.
  - c) The name of Ultimate Consignee (include this name if the Ultimate Consignee is other than Buyer).
  - d) The Port of U.S. Entry (Give the name of the port to which the merchandise is destined).
  - e) The Country of Manufacture (Include the country of manufacture for each item and the complete name and address of the manufacturer).
  - f) The detailed Description of Goods (Describe in detail the goods being shipped. Generic descriptions and/or SKU numbers are insufficient.) Include the following:
    - i) Full name by which each item is known—no abbreviations or generic nouns.
    - ii) Grade or quality, if applicable.
    - iii) Buyer purchase Order or contract number(s) and purchase Order or contract line item number(s) when applicable.
    - iv) Buyer part number(s).
    - v) Quantities in the metric weights and measures as follows:
      - (1) Show pieces and net and gross weights.
      - (2) Unit of measure.
      - (3) Total quantity of all line items.
      - (4) Textiles must be specified using net and gross weights in addition to length, width, and total square meters; fabric content; and type of construction.
    - vi) Purchase Order/contract price of each item in U.S. dollars.
    - vii) For repaired/modified items, also include cost of repair/modification in U.S. dollars and the value of each item after the repairs/modifications have been completed.
  - g) Terms of Sale (INCOTERMS or other).
  - h) Any other charges not included in the unit price of the goods, such as the following, are to be shown and listed separately on the invoice:
    - i) Nonrecurring charges such as expedite fees and transportation costs.
    - ii) Packing costs incurred by Buyer.
    - iii) Selling commissions incurred by Buyer.
    - iv) Royalties (fee Buyer required to pay as condition of sale)

NOTE: Where export license requirements mandate that the currency of the exporting country be stated on the invoice, it must be stated "for [exporting country] customs purposes, value in [local currency]." This must be stated in addition to, and not in lieu of, the shipment value in U.S. dollars.

- v) Assists (assists are components/materials, engineering and design work if done outside the United States, dies, molds, tools) costs, when:
  - (1) supplied by Buyer free of charge or at reduced cost;
  - (2) used in the production of imported goods;
  - (3) plus transportation cost of assist to Seller location.
- vi) Actual value of any other free-of-charge items.
- vii) Export License Number.
- viii) U.S. Government Contract Number, if applicable.

If more than one such number applies to the shipment, ensure that the following information is plainly indicated on the shipping papers for each individual U.S. Government contract number, (IF APPLICABLE): i) Quantity count of Goods (quantity of each item shipped); and ii) Value of those Goods.

- i) Time. Indicate the time when merchandise is sold or agreed to be sold.
  - j) Invoice/Shipment Date.
  - k) Related Party. If Seller is a Related Party to Buyer or any of its subsidiaries, show on invoice "Related Party to Buyer. "
  - l) Kind of Currency.
  - m) Name of Responsible Employee of Exporter. Give the name of the responsible employee of exporter (Seller or Shipper) who has knowledge or who can obtain knowledge of the transaction.
  - n) Rebates, drawbacks, and bounties, separately itemized, allowed upon the exportation (from Seller/Shipper location) of the item(s).
  - o) Imports (Shipments) Not on a Purchase Order. Indicate the following:
    - i) Value of each item in the currency in which the transaction is usually made.
    - ii) Name and telephone number of Buyer's representative authorizing shipment.
    - iii) Additional Requirements for Duty-Free Entry Under HTS 9808.00.3000
- 6) **MUTUAL ASSISTANCE IN OBTAINING IMPORT/EXPORT AUTHORIZATIONS UNDER ITAR OR EAR.**
- a) Upon request of Buyer, Seller shall, promptly and without additional cost, furnish Buyer with any documentation, including import certificates or end user statements from Seller or Seller's government, which is reasonably necessary to support Buyer's application for U.S. import or export authorizations. Buyer shall not be responsible for delays in U.S. import or export of Controlled Items supplied hereunder by Buyer due to a lack of necessary documentation from Seller or Seller's country.
  - b) Seller shall obtain, from the government of Seller's country, required import or export approvals, including licenses to import or export equipment or authorizations for Buyer to locate personnel and furnish in-country technical assistance.
  - c) Upon Seller's request, Buyer shall promptly furnish Seller with any documentation, including import certificates or end -user statements from Buyer or the U.S. Government, which is reasonably necessary to support Seller's application for import or export authorizations issued by Seller's government. Seller shall not be responsible for delays in import or export of Controlled Items supplied hereunder by Seller into or out of Seller's country due to a lack of necessary documentation from Buyer or Buyer's country.
  - d) If the government of either party denies, fails to grant, or revokes any import or export authorizations necessary for the performance of this contract, that party shall immediately notify the other party, and neither party shall be responsible for performance or payment under this contract for directly affected activities.
- 7) **OFFSHORE PROCUREMENT COMPLIANCE.** This clause applies only when data is being provided under an export license. Technical data provided

to Seller in support of this contract and Seller's performance of this contract is authorized by the U.S. Department of State under the License Number and Expiration Date listed elsewhere in this contract. Performance requirements identified in this contract must be complete prior to license expiration.

- 8) **POLITICAL CONTRIBUTIONS, FEES, AND COMMISSIONS.** This clause applies if this contract is for \$500,000 or more and Buyer's prime contract is for the use of the armed forces of a foreign country or international organization. This clause is derived from the ITAR at 22 CFR 130, which requires Buyer to obtain from Seller a disclosure of political contributions or fees or commissions paid, or offered or agreed to be paid, by Seller with respect to Buyer's prime contract.

a) Definitions.

- i) Fee or commission means, except as provided in paragraph a)(2) below of this clause, any loan, gift, donation, or other payment of \$1,000 or more made or agreed to be made, directly or indirectly, whether in cash or in kind, whether or not pursuant to a written contract, which is:

- (1) To or at the direction of any person, irrespective of nationality, whether or not employed by or affiliated with the Seller; and
- (2) For the solicitation or promotion or otherwise to secure the conclusion of a sale of defense articles or defense services to or for the use of the armed forces of a foreign country or international organization.

- ii) The term fee or commission does not include:

- (1) A political contribution or a payment excluded by paragraph a)iii) below of this clause from the definition of political contribution;
- (2) A normal salary (excluding contingent compensation) established at an annual rate and paid to a regular employee of Seller, its supplier, or vendor;
- (3) General advertising or promotional expenses not directed to any particular sale or purchaser; or
- (4) Payments made, or offered or agreed to be made, solely for the purchase by Seller of specific goods or technical, operational, or advisory services, which payments are not disproportionate in amount with the value of the specific goods or services actually furnished.

- iii) Political contribution means any loan, gift, donation, or other payment of \$1,000 or more made or offered or agreed to be made, directly or indirectly, whether in cash or in kind, which is:

- (1) To or for the benefit of, or at the direction of, any foreign candidate, committee, political party, political faction, or government or governmental subdivision, or any individual elected, appointed, or otherwise designated as an employee or officer thereof; and
- (2) For the solicitation or promotion or otherwise to secure the conclusion of a sale of defense articles or defense services to or for the use of the armed forces of a foreign country or international organization. Taxes, customs duties, license fees, and other charges required to be paid by applicable law or regulation are not regarded as political contributions.

b) Information to Be Furnished by Seller

- i) Within fifteen calendar days after contract award, Seller shall fully disclose to Buyer all political contributions or fees or commissions paid by Seller with respect to Buyer's prime contract in a statement setting forth:

- (1) The amount of each political contribution paid, or offered or agreed to be paid, or the amount of each fee or commission paid, or offered or agreed to be paid;
- (2) The date or dates on which each reported amount was paid, or offered or agreed to be paid;

- (3) The recipient of each such amount paid, or intended recipient if not yet paid;
- (4) The person who paid, or offered or agreed to pay, such amount;
- (5) The aggregate amounts of political contributions and of fees or commission, respectively, which shall have been reported;
- (6) With respect to each payment reported, state whether such payment was in cash or in kind. If in kind, it must include a description and valuation thereof. Where precise amounts are not available because a payment has not yet been made, an estimate of the amount offered or agreed to be paid must be provided; and
- (7) With respect to each recipient, state:
  - (a) Its name;
  - (b) Its nationality;
  - (c) Its address and principal place of business;
  - (d) Its employer and title; and
  - (e) Its relationship, if any, to Seller and to any foreign purchaser or end -user.

- ii) If Seller believes that furnishing information to Buyer in a requested statement would unreasonably risk injury to Seller's commercial interests, Seller may furnish in lieu of the statement an abbreviated statement disclosing only the aggregate amount of all political contributions and the aggregate amount of all fees or commissions which have been paid, or offered or agreed to be paid, by Seller with respect to the sale. Any abbreviated statement furnished to Buyer under this paragraph must be accompanied by a certification that the requested information has been reported by Seller directly to the U.S. Office of Defense Trade Controls. Seller must simultaneously report fully to the U.S. Office of Defense Trade Controls all information that Seller would otherwise have been required to report to Buyer under this section. Each such report must clearly identify the sale with respect to which the reported information pertains. The address of the U.S. Office of Defense Trade Controls is:

Director  
Office of Defense Trade Controls  
Bureau of Politico-Military Affairs  
PM/DTC, SA-6, Room 200  
Department of State  
Washington, D.C. 20522-0602

c) Information to Be Obtained by Seller

- i) Prior to furnishing the information required above, Seller must obtain from each person, if any, to whom it has paid, or offered or agreed to pay, a fee or commission in respect of such sale, a timely statement containing a full disclosure by such a person of all political contributions paid, or offered or agreed to be paid, by it or on its behalf, or at its direction, in respect of such sale. Such disclosure must include responses to all the information required to enable Seller to comply fully with the requirements of this clause.
- ii) In obtaining information under the above paragraph c)i). Seller must also require each person to whom a fee or commission is paid, or offered or agreed to be paid, to furnish from time to time such reports of its political contributions as may be necessary to enable Seller to comply fully with the requirements of this clause.
- iii) Seller must include any political contributions paid, or offered or agreed to be paid, by or on behalf of, or at the direction of, any person to whom it has paid, or offered or agreed to pay, a fee or commission in determining whether Seller is required to furnish the information specified herein.

- d) Record Keeping. Seller must maintain a record of any information it was required to furnish or obtain under this clause and all records upon which its reports are based for a period of not less than five years following the date of the report to which they pertain.
  - e) Confidential Business Information. Any person who is required to furnish information under this part may identify any information furnished hereunder which the person considers to be confidential business information. No person, including any applicant or supplier, shall publish, divulge, disclose, or make known in any manner any information so identified by a vendor or other person unless authorized by law or regulation.
  - f) For purposes of this clause, "confidential business information" means commercial or financial information which by law is entitled to protection from disclosure. (See, for example, 5 USC 552(b)(3) and (4); 18 USC 1905; 22 USC 2778(e); Rule 26(c)(7), Federal Rules of Civil Procedure.)
- 9) **PACKING, SHIPPING, AND DELIVERY.** This clause applies in lieu of the clause entitled "Packing and Shipping" found within Sparton General Provisions (GP) applicable to and referenced in this contract.
- a) All Goods to be furnished to Buyer under this contract shall be prepared and packed for export shipment in a manner acceptable to Buyer to comply with carrier regulations and prevent damage or deterioration during handling, shipment, and storage for up to 90 days at destination. Any package or unitized or consolidated group of packages weighing in excess of 45 kilograms or otherwise not suited to manual handling shall be provided with skids to permit use of mechanical handling equipment.
  - b) Upon Buyer request, Seller shall submit to Buyer two copies of Seller's proposed preparation procedure and packing design not less than 30 days prior to first shipment for Buyer approval, and Seller shall prepare and package in accordance with the procedure and design approved by Buyer.
  - c) All items furnished under this contract and valued in excess of \$50.00 shall be clearly marked or stamped to indicate country of manufacture. Markings shall consist of the phrase "Made in [country]." In accordance with U.S. Customs Law, markings shall be as permanent as the nature of the product will permit and located in a conspicuous place, easily available for U.S. Customs inspection upon arrival in the United States. If the Goods are of a nature whereby marking is impossible, a securely affixed tag with country of origin named shall suffice.
  - d) If Goods are damaged or deteriorated as a result of improper packing or packaging, Seller shall, at Buyer's option, either repair or replace the Goods or reimburse Buyer for the damaged or deteriorated Goods.
  - e) In addition, each unit container, including individual part, box, or other innermost package, each intermediate container, and each shipping container within each shipment shall be marked in American English in accordance with Buyer's written instructions. The No. 1 shipping container within each shipment shall contain:
    - i) a packing list indicating in American English the contents of the entire shipment in accordance with Buyer's written instructions;
    - ii) one copy of any test or other reports required by the applicable contract specifications; and
    - iii) securely attached to its exterior, one copy of Seller's commercial invoice, enclosed in a waterproof wrapper and clearly marked "Customs Invoice." Additional copies, if any, of packing lists, reports, and U.S. Customs or other invoices shall be furnished to Buyer in accordance with Buyer's written instructions.
- 10) **SHIPPING HAZARDOUS MATERIALS.** This clause applies only if Seller is shipping hazardous materials under this contract.
- a) Shipment of hazardous materials shall be by common carrier authorized to handle the material and in accordance with 49 CFR Parts 100-199 and the IATA "Dangerous Goods Regulations" or "The International Maritime Dangerous Goods Code" (if applicable). This includes but is not limited to the following requirements: i) Shipping papers must include the emergency contact number, and ii) Shipping papers and packages for hazardous materials or wastes identified as NOS (not otherwise specified) must show the technical name(s) listed in parentheses, the association to the basic description, and in the case of mixtures, list the major hazardous components by percentage contributing to the hazard.
  - b) Seller shall indicate on the shipping papers whether the material presents a Poisonous by Inhalation hazard as defined by the regulations.
  - c) At Buyer's request, Seller will provide test reports indicating Performance Oriented Packaging compliance to facilitate Buyer's reshipment of Seller's Goods.
  - d) Seller shall mark on all interior packages and shipping containers the closed cup flash point of flammable and combustible materials and/or percentage concentration of corrosive liquids.
- 11) **UNITED STATES CURRENCY.** Unless otherwise specified elsewhere herein, all prices and payments shall be in the currency of the United States (U.S. dollars), with no prices or payments adjusted for changes in currency exchange rates.
- 12) **VIOLATIONS OF LAW AND ELIGIBILITY TO CONTRACT.** Seller warrants that:
- a) Neither it nor its senior officers and officials have been convicted of violating any of the U.S. criminal statutes enumerated in 22 CFR 120.27 since the effective date of the Arms Export Control Act, PL 94-329, 90 Stat 729 (June 30, 1976) and
  - b) Seller is not ineligible to contract with, or to receive a license or other approval to import defense articles from, or to receive an export license or other approval from, any agency of the U.S. Government.