

Agreement – This purchase order is an offer by ES3 PLG (the "**Buyer**") for work Buyer received from a third party (the "**Customer**") for the purchase of the goods (the "**Goods**") or services (the "**Services**") specified, to the party to whom the purchase order is addressed to (the "**Seller**") in accordance with and subject to these terms and conditions (the "**Terms**"; together with the terms, requirements, or referenced documents on the face of the purchase order, delivery order, subcontract, or contract, (the "**Order**"). The Order will be considered accepted by the Seller upon the first of the following to occur: (a) Seller making, signing, or delivering to Buyer any letter, form, or other writing or instrument acknowledging acceptance; (b) or performance by Seller for any part of an Order. An Order constitutes the sole and entire agreement of the parties with respect to the Order and supersedes all prior or understandings, agreements, negotiations, and communications, both written and oral, with respect to the subject matter of an Order. An Order expressly limits Seller's acceptance to the Terms of the Order. These Terms expressly exclude any of Seller's terms and conditions of sale or any other document issued by Seller in connection with an Order.

Price and Payment – The price of the Goods or Services is the price stated on the face of this Order (the "**Price**"). Seller shall invoice Buyer for the Order within thirty (30) days of delivery or agreed to milestones. Unless otherwise stated in the Order, Buyer shall pay all properly invoiced amounts due to Seller within thirty (30) days after receipt of invoice. Should Seller suffer undue hardship due to an increase in production costs not anticipated at Order acceptance, Seller may ask for an economic price adjustment and Buyer will make a good faith effort to ask the Customer, on Seller's behalf, for the increase of prices. The changing of pricing is wholly dependent on the Customer's approval of such change. Further payment and invoice instructions will be found on the face of the Order.

Delivery – Seller shall deliver the Goods and/or perform the Services at the location stated in the Order (the "**Ship-To Location**"), and on the date(s) specified in this Order (the "**Delivery Date**"), unless delay is caused by an event or circumstance that is beyond the Seller's reasonable control. Timely delivery is of the essence, the Seller will immediately notify the Buyer should there be any delay or perceived delay that may impact the current lead time of the Order. Packaging requirements, quality requirements, tolerances, and partial or early shipments will all be as stated in Order. Should the Customer issue any fees directly due to late shipments, non-conformance, or special requests needed to accommodate Seller, said fees will be flowed down to Seller and will be subtracted from Order total. At Buyer's discretion, Buyer will make a good faith effort to seek the Customer eliminate said fees. The decision to eliminate fees rests wholly on the Customer. Current fees can be seen in Attachment A.

Cancellation/Stop Work – Any FAR/DFAR or Prime Contract requirement regarding cancellation or mandate to stop work from the Customer to Buyer will be flowed down to Seller. Reimbursement of any monies from Buyer to Seller will be to the extent that the Customer reimburses the Buyer for the Seller's costs. At Buyer's discretion, Buyer will make a good faith effort to receive the highest reimbursement possible from the Customer. The final decision of allowable reimbursable costs rests wholly with the Customer.

Schedule – Delivery Dates shall be considered essential parts of this agreement and Seller shall strictly adhere to the shipment and/or delivery schedules as specified in the Order. Failure to comply with any such dates shall be considered a material breach of these Terms. If seller is delayed or has reason to believe they could be delayed then they should inform Buyer as soon as possible. The only excusable delays will be as per FAR 52.249-14 Excusable Delays. If Buyer has reason to believe the Seller is or will be delayed then they will issue a corrective action request to Seller. The Seller will have 5 days to reply with a plan to correct the delay. Should



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the plan not correct the delay in a manner Buyer finds acceptable, Seller will be found in breach of contract, and will be issued a Termination for Default. FAR 52.249-8 Default (Fixed-Price Supply and Service) will be used to determine monies owed to either party; where the clause reads "Government" the Seller shall substitute "Government or Prime Contractor", where the clause reads "Contractor" the Seller shall substitute "Subcontractor".

Acceptance – Buyer, Buyer's agents, and the Customer reserve the right to inspect the Goods at all time and places and in any event even prior to acceptance. Seller grants Buyer, Buyer's agents, and the Customer right of access to all parts of their facilities which are used in the performance of Order or work under these Terms. The Customer, as per the inspection methods and standards on the Order, may accept the goods or reject any portion of the Goods that are found to be defective or nonconforming. Any inspection or other action by Buyer or the Customer under this Section shall not affect Seller's obligations under the Order to meet all inspection and standards criteria. At Buyer's discretion, Buyer will make a good-faith effort seeking that the Customer approves delivered Goods and Services. The final approval and rejection of Goods and Services rests wholly on the Customer's final decision.

Warranty – Seller warrants to Buyer that all Goods, Services or Goods furnished in connection with Services will: (a) be new and free from any defects in workmanship, material and design; (b) conform to applicable specifications and standards; (c) and will not require the Customer to issue a Product Quality Deficiency Report (PQDR), should the Customer issue a PQDR then the company will do everything possible to replace or repair the item or items to working condition. These warranties survive any delivery, inspection, acceptance or payment.

Liability – The liability to either Party for any loss, injury, death, damage, liability, claim, action, judgment, interest, penalty, cost or expense, including reasonable attorney and professional fees and costs, the cost of enforcing any right or remedy, excluding lost profits arising out of or occurring in connection with an Order will be limited to the total price of the Order in question.

Data Rights Certification – Seller acknowledges that technical data used in performance of this Order is considered proprietary information. Seller hereby certifies that all technical data used in performance of an Order (the "Data") will; (a) only be disclosed to employees that need to know the contents of the Data, (b) will not tamper with any Data markings displayed on documents, (c) and that all Data will be destroyed and removed from all storage locations after final acceptance of Order by Customer.

Export Compliance – Unless different terms are found on the face of an Order, Seller agrees to comply with all aspects of export and important laws, regulations, executive orders, and/or policies of the United States Government. This includes, but is not limited to, Export Administration Regulations (EAR) of the United States Department of Commerce and the International Trade in Arms Regulations (ITAR) of the United States Department of State.

Order of Precedence – Should there be any incongruence between documents the agreed to order of precedence is (a) the face of an Order, (b) any attachments cited in an Order, (c) the Terms, (d) FAR and DFAR clauses, (e) any other document associated with an Order.

Governing Law and Venue – All matters arising out of or relating to an Order shall be governed by and construed in accordance with the laws of the State of California. Buyer and Seller agree that, in any effort to enforce the terms and obligations hereunder, the complaining party will first notify the other party in writing



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of the alleged dispute and the parties will attempt in good faith to resolve the dispute through prompt discussion and/or a meeting between representatives having decision-making authority regarding the dispute. If the dispute is not resolved by the 30th day after written notice of the dispute was first made, the parties agree to engage in binding mediation in the city of Buyer's location, using a neutral mediator mutually agreed to and paid for by the parties. If mediation does not resolve the dispute, the parties may resolve the dispute through appropriate legal action. Jurisdiction for any legal action is restricted to the state of the Buyer's physical location.

Compliance – Seller unconditionally accepts, warrants, and represents to Buyer that it is in compliance and shall remain in compliance, during the time in which any part of an Order is still binding to either party, with any and all contract requirements from the Customer which are MANDATORY to be flowed down by public law, statute, or regulation. FAR and DFAR clauses will be found in a document titled Attachment B – Flowdown Clauses (LGCSCI) which will accompany an Order at time of award.

Misc - Seller shall not assign, transfer, or delegate any of its rights or obligations under the Order without Buyer's prior written consent. No modification, alteration or amendment of the Order shall be binding unless agreed to in writing and signed by Buyer. No failure to exercise, or delay in exercising, any rights, remedies, power or privilege arising from an Order by either party shall be construed as a waiver thereof, nor shall any single or partial exercise of any right, remedy, or privilege hereunder preclude any other exercise of any additional right, remedy, or privilege.

BY SIGNING THIS DOCUMENT THE SELLER AGREES THAT ALL SUBSEQUENT ORDERS REFERENCING THESE TERMS ARE HEREBY COMPLETELY ACCEPTED WITHOUT EXCEPTION.

Business Name:

Representative Name:

Title and Date:

Signature:

Attachment A – FEES FOR LATE DELIVERY

A major objective of the LG-CSCI program is to improve On-Time Delivery (OTD). As such, OTD will be tracked for every Purchase Order.

Requirement Ratio Missed (RRM) The RRM will be calculated by first dividing the total CLIN quantity delivered on or before the contractor proposed Production Lead Time (PLT) by the total CLIN quantity and then subtracting that amount from 1. For example, if CLIN 0001 was awarded for 100 ea. with a PLT of 75 days and the contractor delivered 80ea at the end of day 75, the RRM would equal .20. The measurement would be calculated using the following methodology:

$$RRM = 1 - \left(\frac{D}{C}\right)$$

Where:

D = Delivered by the proposed PLT

C = Total CLIN quantity

RRM = Requirement Ratio Missed

Days Late (DL) The DL will be calculated by subtracting the actual (calendar) days passed to deliver 100% of the CLIN quantity from the contractor proposed PLT. For example, if CLIN 0002 was awarded for 200ea with a PLT of 150 days and the contractor delivered 150ea at the end of day 150 and the remaining 50ea was delivered by the end of day 220, the DL would equal 70. The measurement would be calculated using the following methodology:

$$DL = AD - PD$$

Where:

AD = Actual days (Calendar) taken to deliver 100% of the CLIN quantity

PD = Proposed PLT

DL = Days Late

Factors

$$DLF = .00005 \times (DL - 15)^{2.345}$$

$$RRMF = 8 \times RRM^{1.5}$$

Where:

DLF = Days Late Factor (max value 8)

RRMF = Requirement Ratio Missed Factor (max value 8)

Penalty Calculation

$$Penalty = .4 \times TCP \times \frac{DLF}{100} + .6 \times TCP \times \frac{RRMF}{100}$$

Where:

TCP = Total CLIN Price

As an example of how the calculations would work, a table is included highlighting examples of potential scenarios and the resulting outcome in the formula.

Variables				Factors (as %)		Penalty	Penalty as % of Order Total
Order Value	Order Qty	Delivered On-Time Qty	Days Late Delivery Completed	Days Late	Ratio		
\$1,000,000.00	1500	1200	42	0.113637	0.715542	\$4,747.80	0.47%
\$500,000.00	750	0	0	0	0	-	0.00%
\$615,168.00	980	975	65	0.482008	0.002915	\$1,196.83	0.19%
\$250,000.00	89	40	120	2.745737	3.268128	\$7,647.93	3.06%
\$1,650,000.00	6450	5200	95	1.451162	0.68252	\$16,334.62	0.99%

Attachment B – FLOW DOWN CLAUSES (LGCSCI)
FAR AND DFAR CLAUSES INCLUDED IN ALL CONTRACTS

52.202-1	DEFINITIONS	Nov-13
52-203-19	PROHIBITION ON REQUIRING CERTAIN INTERNAL CONFIDENTIALITY AGREEMENTS OR STATEMENTS	Jan-17
52.204-23	PROHIBITION ON CONTRACTING FOR HARDWARE, SOFTWARE, AND SERVICES DEVELOPED OR PROVIDED BY KASPERSKY LAB AND OTHER COVERED ENTITIES	Jul-18
52.211-15	DEFENSE PRIORITY AND ALLOCATION REQUIREMENTS	Apr-08
52.222-21	PROHIBITION OF SEGREGATED FACILITIES	Apr-15
52.222-26	EQUAL OPPORTUNITY	Sep-16
52.227-1	AUTHORIZATION AND CONSENT	Dec-07
52.244-6	SUBCONTRACTS FOR COMMERCIAL ITEMS	Jul-18
252.203-7001	PROHIBITION ON PERSONS CONVICTED OF FRAUD OR OTHER DEFENSE-CONTRACT-RELATED FELONIES	Dec-08
252.203-7002	REQUIREMENT TO INFORM EMPLOYEES OF WHISTLEBLOWER RIGHTS	Sep-13
252.204-7015	NOTICE OF AUTHORIZED DISCLOSURE OF INFORMATION FOR LITIGATION SUPPORT	May-16
252.222-7006	RESTRICTIONS ON THE USE OF MANDATORY ARBITRATION AGREEMENTS	Dec-10
252.223-7008	PROHIBITION ON HEXAVALENT CHROMIUM	Jun-13
252.225-7048	EXPORT-CONTROLLED ITEMS	Jun-13
252.244-7000	SUBCONTRACTS FOR COMMERCIAL ITEMS	Jun-13
252.247-7023	TRANSPORTATION OF SUPPLIES BY SEA - BASIC	Apr-14

OTHER MANDATORY FAR/DFAR CLAUSES

(RESERVED - FAR/DFAR Clauses depending on dollar value and type of order)