

**Alt 1: Ceradyne Standard Purchase Order Terms and Conditions
FAR / DFARS Clause Flow-Down in Fulfillment of a
U.S. Government Order 10 Sep 2018**

A. INCORPORATION OF FAR AND DFARS CLAUSES

"FAR" means the Federal Acquisition Regulation, issued as Chapter 1 of Title 48, Code of Federal Regulations.

"DFARS" means the Defense Federal Acquisition Regulation Supplement, issued as Chapter 2 of Title 48, Code of Federal Regulations.

"SPECIAL PROVISIONS" means, in addition to the Flow-Downs listed below, other FAR and DFARS that the U.S. Government prime contract or higher-tier subcontract may require 3M Ceradyne, ("Ceradyne") to include in the Order.

These clauses are important to Seller because Seller's goods and/or services are included in products and/or services that Ceradyne sells directly or indirectly to the U.S. Government. In this Ceradyne purchase order ("Order"), certain Federal Acquisition Regulations (FAR) and, if this Order is issued under a U.S. Department of Defense Prime Contract or higher-tier subcontract, Defense FAR Supplement (DFARS) clauses, required for the purchase of commercial items by the U.S. Government, will be "flowed down". The clauses listed below, including any explanatory notes following the clause citations, and related Certifications and Representations stated below, ("Flow-Downs") shall apply to this Order and are incorporated by reference into this Order or other written Agreement between Ceradyne and Seller. The FAR and DFARS may be found at <<http://farsite.hill.af.mil/farsite.html>>.

B. FEDERAL ACQUISITION REGULATION

- (1) Seller agrees to negotiate with Buyer to incorporate additional provisions herein or to change provisions as Buyer reasonably deems necessary to comply with the applicable Prime Contractor with amendments or modifications to the applicable Prime Contract.
- (2) If so identified, this Order is a "rated order" certified for national defense use, and Seller shall follow all the requirements of the Defense Priorities and Allocation System Regulation (15 C.F.R. Part 700).
- (3) In the event that the articles are determined by Buyer or the U.S. Government not to be a Commercial Item as defined in FAR 2.101, Seller agrees that Ceradyne Standard Terms and Conditions Attachment II and the corresponding FAR and DFARS flowdowns shall apply to this Order, in lieu of these terms and conditions, effective as of the date of this Order.
- (4) The following clauses are incorporated by reference and made a part hereof. The dates of these clauses are the dates in effect as of the date of issuances to the Ceradyne Supplier portal.

C. NOTES (Explanatory for applicability purposes)

The following notes apply to the FAR and DFARS clauses incorporated by reference below only when the notes are specified in the parenthetical phrase following the clause title.

- (1) Substitute "Ceradyne" for "Government" or "United States" throughout this clause.
- (2) Substitute "Ceradyne Sourcing Representative" for "Contracting Officer" throughout this clause.
- (3) Insert "and Ceradyne" after "Government" throughout this clause.
- (4) Insert "or Ceradyne" after "Government" throughout this clause.
- (5) Communication/notification required under this clause from/to Seller to/from the Contracting Officer shall be through Ceradyne.
- (6) Insert "and Ceradyne" after "Contracting Officer" throughout the clause.

- (7) Insert "or Buyer's Authorized Procurement Representative " after "Contracting Officer, Administrative Ordering Officer" and ACO" throughout the clause.
- (8) If Seller is a contractor located outside the United States, this clause does not apply to this Order unless Seller performs any of activities stated in the next sentence. This clause applies to this Order only if work under the Order will be performed in the United States or Seller is recruiting employees in the United States to work on the Order. The term "United States" (U.S.) means the 50 States, the District of Columbia, Puerto Rico, the Northern Mariana Islands, American Samoa, Guam, the U.S. Virgin Islands, and Wake Island.

E. FEDERAL ACQUISITION REGULATIONS (FAR) INCORPORATED BY REFERENCE

FAR TITLE

52.203-12 LIMITATION ON PAYMENTS TO INFLUENCE CERTAIN FEDERAL TRANSACTIONS (Applies if this Order exceeds \$150,000).

52.203-13 CONTRACTOR CODE OF BUSINESS ETHICS AND CONDUCT. (Applies if this Order exceeds \$5,500,000 and the period of performance is more than 120 days. All disclosures of violation of the civil False Claims Act or of Federal criminal law shall be directed to the agency Office of the Inspector General, with a copy to the Contracting Officer.)

52.203-19 PROHIBITION ON REQUIRING CERTAIN INTERNAL CONFIDENTIALITY AGREEMENTS OR STATEMENTS. (Applies to all subcontracts at all levels, including for commercial items and simplified acquisition purchases.)

52.204-2 SECURITY REQUIREMENTS (Applicable if work requires access to classified information. Delete paragraph c of the clause.)

(Applies if this Order is a first-tier subcontract for \$30,000 or more. Subparagraph (d)(2) does not apply to Seller as this provision applies to the obligation of a prime contractor (Ceradyne or its direct customer) to report certain data regarding a first-tier subcontractor (Seller) awarded a subcontract or Order with a value of \$30,000 or more. If Seller meets the thresholds for reporting its executive compensation specified in paragraphs (d)(3) and (g)(2) of the clause. Seller shall report its required executive compensation by posting the information at <http://www.fsr.gov> for the Order. All information posted will be available to the general public.) First-tier subcontract does not include Ceradyne's supplier agreements with vendors, such as long-term arrangements for materials or supplies that would benefit multiple contracts and/or the costs of which are normally applied to Ceradyne's general and administrative expenses or indirect cost. (Subparagraph (a).)

52.204-21 BASIC SAFEGUARDING OF COVERED CONTRACTOR INFORMATION SYSTEMS. (Applies to the Order when the Seller may have "Federal contract information" (as defined in the clause) residing in or transiting through its information system. Not applicable if the Order is solely for COTS items.)

52.211-15 DEFENSE PRIORITY AND ALLOCATION REQUIREMENTS (Applicable only if so identified as a "rated order".)

52.212-5 Contract Terms and Conditions Required to Implement Statutes or Executive Orders – Commercial Items.

52.215-19 NOTIFICATION OF OWNERSHIP CHANGES (Note 7 applies.)

52.215-20 REQUIREMENTS FOR COST OR PRICING DATA OR INFORMATION OTHER THAN COST OR PRICING DATA (Note 7 applies.)

52.215-21 REQUIREMENTS FOR CERTIFIED COST OR PRICING DATA AND DATA OTHER THAN COST OR CERTIFIED COST OR PRICING DATA – MODIFICATIONS
(Note 7 applies.)

52.219-8 UTILIZATION OF SMALL BUSINESS CONCERNS (Applies if this Order offers further subcontracting opportunities. If the Order (unless this Order is with a small business concern) exceeds \$ 700,000 (\$1.5 million for construction of any public facility) as required in FAR 52.219-9 (d) (9), the Seller must include 52.219-8 in lower tier subcontracts that offer subcontracting opportunities.) (Note 8 applies.)

52.219-9 SMALL BUSINESS SUBCONTRACTING PLAN ((Applicable if the Seller is not a small business and the value of this Order equals or exceeds \$700,000, (\$1.5 million for construction of any public facility.)) (Note 8 applies.)

52.222-17 NONDISPLACEMENT OF QUALIFIED WORKERS (Applicable in every order that exceeds the simplified acquisition threshold) (Note 8 applies.)

52.222-21 PROHIBITION OF SEGREGATED FACILITIES (Note 8 applies.)

52.222-26 EQUAL OPPORTUNITY (Note 8 applies.) (In accordance with OFCCP Final Rule dated January 11, 2016 titled “Government Contractors, Prohibitions Against Pay Secrecy Policies and Actions,” which implements Executive Order No. 13665, the following new subparagraph (b)(5) is added to FAR 52.222-26 immediately following subparagraph (b)(4) and the remaining subparagraphs in paragraph (b) are renumbered appropriately:

“(5) The Contractor shall not discharge or in any other manner discriminate against any employee or applicant for employment because such employee or applicant has inquired about, discussed, or disclosed the compensation of the employee or applicant or another employee or applicant. This provision shall not apply to instances in which an employee who has access to the compensation information of other employees or applicants as a part of such employee’s essential job functions discloses the compensation of such other employees or applicants to individuals who do not otherwise have access to such information, unless such disclosure is in response to a formal complaint or charge, in furtherance of an investigation, proceeding, hearing, or action, including an investigation conducted by the employer, or is consistent with the Contractor’s legal duty to furnish information.”)

52.222-35 EQUAL OPPORTUNITY FOR VETERANS (Note 8 applies.) (Applies if this Order is for \$150,000 or more. Seller shall abide by the requirements of 41 CFR 60–300.5(a). This regulation prohibits discrimination against qualified protected veterans, and requires affirmative action by covered subcontractors and suppliers to employ and advance in employment qualified protected veterans.)

52.222-36 EQUAL OPPORTUNITY FOR WORKERS WITH DISABILITIES (Alternate 1) (Note 8 applies.) (Applies if this Order exceeds \$15,000. Seller shall abide by the requirements of 41 CFR 60–741.5(a). This regulation prohibits discrimination against qualified individuals on the basis of disability, and requires affirmative action by covered subcontractors and suppliers to employ and advance in employment qualified individuals with disabilities.)

52.222-37 EMPLOYMENT REPORTS ON VETERANS. (Applies if this Order is for \$150,000 or more.) (Note 8 applies.)

52.222-40 NOTIFICATION OF EMPLOYEE RIGHTS UNDER THE NATIONAL LABOR RELATIONS ACT.
(Applies if this Order exceeds \$10,000. and will be performed wholly or partially in the United States.)
(Note 8 applies.)

52.222-41 SERVICES ORDER ACT OF 1965, AS AMENDED (Applicability. This contract is subject to the following provisions and to all other applicable provisions of 41 U.S.C. chapter 67, Service Contract Labor Standards, and regulations of the Secretary of Labor (29 CFR Part 4). This clause does not apply to contracts or subcontracts administratively exempted by the Secretary of Labor or exempted by 41 U.S.C. 6702, as interpreted in Subpart C of 29 CFR Part 4.)

52.222-50 COMBATING TRAFFICING IN PERSONS (While paragraphs (a) through (g) apply to all Sellers, the requirements in paragraph (h) of this clause apply only to any portion of the Order that (1) is for supplies, other than commercially available off-the-shelf (COTS) items, acquired outside the United States, or services to be performed outside the United States; and (2) has an estimated value that exceeds \$500,000.) (Note 2 applies. In paragraph (e).) (Note 3 applies.)

52.222-51 EXEMPTION FROM APPLICATION OF THE SERVICE CONTRACT LABOR STANDARDS TO CONTRACTS FOR MAINTENANCE, CALIBRATION, OR REPAIR OF CERTAIN EQUIPMENT – REQUIREMENTS (See FAR 52.222-41 above for the applicable definition of “United States.”)

52.222-53 EXEMPTION FROM APPLICATION OF THE SERVICE CONTRACT LABOR STANDARDS TO CONTRACTS FOR CERTAIN SERVICES - REQUIREMENTS (See FAR 52.222-41 above for the applicable definition of “United States.”).

52.222-54 EMPLOYMENT ELIGIBILITY VERIFICATION (Applies if this Order is for commercial or noncommercial services or construction, includes work performed in the United States, and exceeds \$3,500, except for commercial services or construction that are part of the purchase of a COTS item (or an item that would be a COTS item, but for minor modifications), performed by the COTS provider, and are normally provided for that COTS item. For purposes of FAR 52.222-54, the term “United States” means the 50 States, the District of Columbia, Puerto Rico, Guam, the Commonwealth of the Northern Mariana Islands, and the U.S. Virgin Islands.)

52.222-55 Minimum Wages Under Executive Order 13658.
(Applies, regardless of dollar value, if this Order is subject to the Service Contract Labor Standards statute or the Wage Rate Requirements (Construction) statute, and if this Order is to be performed in whole or in part in the United States (the 50 States and the District of Columbia.)

52.222-59 COMPLIANCE WITH LABOR LAWS (EXECUTIVE ORDER 13673).
(Applicable to all subcontracts when the Government includes the provision at [52.222-58](#), then the substance of paragraphs (a), (c), (d), (e), (f) and (g) of this clause, in subcontracts with an estimated value exceeding \$500,000, at all tiers, for other than commercially available off-the-shelf items.)

52.222-62 PAID SICK LEAVE UNDER EXECUTIVE ORDER 13706.
(Applies if this Order is: 1) subject to the requirements in FAR 52.222-41, SERVICE CONTRACT LABOR STANDARDS, and 2) is to be performed in whole or in part in the United States.)

52.223-11 OZONE-DEPLETING SUBSTANCES (Applicable if the Articles were manufactured with or contain ozone-depleting substances.)

52.224-3 PRIVACY TRAINING (Applies to this Order if Seller employees will (1) have access to a system of records; (2) create, collect, use, process, store, maintain, disseminate, disclose, dispose, or otherwise handle personally identifiable information; or (3) design, develop, maintain, or operate a system of records.)

52.225-1 BUY AMERICAN ACT-SUPPLIES (Applicable if this Order requires furnishing of Articles containing other than domestic components.)

52.225-5 TRADE AGREEMENTS (Applicable if the Articles contain other than U.S. made, designated country, Caribbean or NAFTA country end products.)

52.225-13 RESTRICTION ON CERTAIN FOREIGN PURCHASES

52.227-1 AUTHORIZATION AND CONSENT (Applies only if the Prime Contract contains this clause and this Order exceeds \$150,000 and performance and delivery are entirely within the U.S.)

52.227-1 AUTHORIZATION AND CONSENT (Alternate I) (Applies only if the Prime Contract contains this clause and this Order exceeds \$150,000.)

52.227-2 NOTICE AND ASSISTANCE REGARDING PATENT AND COPYRIGHT INFRINGEMENT (Note 5 applies.)

52.227-14 RIGHTS IN DATA – GENERAL (Applies to Orders in support of only civilian U.S. Government agencies where “technical data or “computer software) (as those terms are defined in the FAR clause) will be produced, furnished, or acquired under the Order. Does not apply if this Order is issued under a U.S. Department of Defense Prime Contract. DFARS 252.227-7015 and DFARS 252.227-7013 will apply instead.)

52.227-19 COMMERCIAL COMPUTER SOFTWARE – RESTRICTED RIGHTS (Applicable only if existing computer software is to be delivered under this Order).

52.232-40 PROVIDING ACCELERATED PAYMENTS TO SMALL BUSINESS SUBCONTRACTORS.

(Note 1 applies.) (Applies only if the Prime Contract contains this clause and Seller is a domestic small business concern. This clause does not apply if Ceradyne does not receive accelerated payments under the Prime Contract. Not all federal agencies provide accelerated payments.)

52.244-6 SUBCONTRACTS FOR COMMERCIAL ITEMS

52.245-1 GOVERNMENT PROPERTY (Applicable if Government property is furnished in the performance of this Order. Substitute "BUYER" for "Government" or "United States" as applicable throughout this clause, except in the phrases "Government property," "Government-furnished property," and in references to title to property. Substitute "BUYER Procurement Representative" for "Ordering Officer," "Administrative Ordering Officer," and "ACO" throughout this clause. The following is added as paragraph (n): "ORDEROR shall provide to BUYER immediate notice of any disapproval, withdrawal of approval, or non-acceptance by the Government of its property control system.")

52.247-64 PREFERENCE FOR PRIVATELY OWNED U.S. FLAG COMMERCIAL VESSELS DFARS LAUSES (Applicable only if the supplies being transported by ocean vessel under this Order are: (1) items Ceradyne is reselling or distributing to the Government without adding value. (Generally, the prime Ceradyne contractor does not add value to the items when it subcontracts items for f.o.b. destination shipment); or (2) shipped in direct support of U.S. military (a) contingency operations; (b) exercises; or (c) forces deployed in connection with United Nations or North Atlantic Treaty Organization humanitarian or peacekeeping

operations. If this Order is issued under a U.S. Department of Defense Prime Contract, DFARS 252.247-7023, TRANSPORTATION OF SUPPLIES BY SEA – BASIC, applies in lieu of FAR 52.247-64.)

F. TERMINATION FOR CAUSE (DEFAULT)

(a) Ceradyne may terminate this contract, or any part hereof, for cause in the event of any default by the Seller, or if the Seller fails to comply with any contract terms and conditions, or fails to provide Ceradyne, upon request, with adequate assurances of future performance.

(b) In the event of termination for cause, Ceradyne shall not be liable to the Seller for any amount for supplies or services not accepted, and the Seller shall be liable to Ceradyne for all rights and remedies provided by law. If it is determined that Ceradyne improperly terminated this Order for default, such termination shall be deemed a termination for convenience.

G. PROVISIONS OF THE DEPARTMENT OF DEFENSE FEDERAL ACQUISITION REGULATION SUPPLEMENT (DFARS) INCORPORATED BY REFERENCE

If this Order is issued in support of a Department of Defense Prime Contract, the following DFARS clauses apply to this Order to the extent set forth in Section A. above:

252.204-7009 LIMITATIONS ON THE USE OR DISCLOSURE OF THIRD-PARTY CONTRACTOR REPORTED CYBER INCIDENT INFORMATION (Applies if this Order is for services that include support for the Government’s activities related to safeguarding “covered defense information” (as defined in the DFARS clause) and cyber incident reporting.)

252.204-7012 SAFEGUARDING COVERED DEFENSE INFORMATION AND CYBER INCIDENT REPORTING (Applies if this Order is for “operationally critical support,” or for which Order performance will involve “covered defense information,” (as those terms are defined in this DFARS clause.) (Seller shall rapidly report “cyber incidents” (as defined in the DFARS clause) directly to DOD at <http://dibnet.dod.mil> and to the Ceradyne Sourcing Representative.)

The Seller shall (i) notify Ceradyne when submitting a request to vary from a NIST SP 800-171 security requirement to the Contracting Officer, in accordance with paragraph (b)(2)(ii)(B) of this clause; and (ii) provide the incident report number, automatically assigned by DoD, to Ceradyne as soon as practicable, when reporting a cyber incident to DoD as required in paragraph (c) of this DFARS clause. Similarly, the Seller shall require its subcontractors, at all tiers, to (i) notify the Seller (or next higher-tier subcontractor) when submitting a request to vary from a NIST SP 800-171 security requirement to the Contracting Officer, in accordance with paragraph (b)(2)(ii)(B) of this clause; and (ii) provide the incident report number, automatically assigned by DoD, to the Seller (or next higher-tier subcontractor) as soon as practicable, when reporting a cyber incident to DoD as required in paragraph (c) of this clause.

252.204-7014 LIMITATIONS ON THE USE OR DISCLOSURE OF INFORMATION BY LITIGATION SUPPORT OFFERORS (Applies only if this Order requires Seller to provide litigation support in the form of administrative, technical, or professional services under this Order in support and for the U.S. Government during or in anticipation of such litigation.)

252.211-7003 ITEM UNIQUE IDENTIFICATION AND VALUATION (Applies if this Order requires the work to contain unique item identification. Note 2 applies. Items subject to unique item identification are identified elsewhere in this Order. All reports required to be submitted under this clause shall be submitted to Ceradyne.)

252.223-7001 HAZARD WARNING LABELS (Applicable if this Order requires the delivery of hazardous materials.)

252.223-7008 PROHIBITION OF HEXAVALENT CHROMIUM (Note 2 applies.)

252.225-7001 BUY AMERICAN ACT AND BALANCE OF PAYMENTS PROGRAM (Applicable if the Articles contain other than domestic components. Applicable in lieu of FAR 52.225-1 and FAR 52.225-5.)

252.225-7009 RESTRICTION ON CERTAIN ARTICLES CONTAINING SPECIALTY METALS (Applies if the work to be furnished under this Order contains specialty metals and none of the exceptions in paragraphs (c)(1) through (c)(5) applies. Paragraphs (c)(6), (d) and (e)(1) are deleted.)

252.225-7012 PREFERENCE FOR CERTAIN DOMESTIC COMMODITIES

252.225-7021 TRADE AGREEMENTS (Applicable if Articles contain other than domestic components. Applicable in lieu of FAR 52.225-1 & 52.225-5).

252.227-7013 RIGHTS IN TECHNICAL DATA -- NONCOMMERCIAL ITEMS (Note 7 applies.) (Applies whenever any technical data for noncommercial items or for commercial items developed in any part at Government expense is to be delivered under this Order for delivery to the Government under the Prime Contract. DFARS 252.227-7015 will govern the technical data pertaining to any portion of a commercial item that was developed exclusively at private expense, and DFARS 252.227-7013 will govern the technical data pertaining to any portion of a commercial item that was developed in any part at Government expense.) (Applies in lieu of FAR 52.227-14, Rights in Data – General.)

252.227-7015 TECHNICAL DATA -- COMMERCIAL ITEMS (Note 7 applies) (Applies whenever any technical data pertaining to commercial items developed in any part at private expense will be delivered under this Order for delivery to the Government under the Prime Contract. DFARS 252.227-7015 will govern the technical data pertaining to any portion of a commercial item that was developed exclusively at private expense, and DFARS 252.227-7013 will govern the technical data pertaining to any portion of a commercial item that was developed in any part at Government expense.) (Applies in lieu of FAR 52.227-14, Rights in Data - General.)

252.227-7037 VALIDATION OF RESTRICTIVE MARKINGS ON TECHNICAL DATA (Applies if the delivery of technical data is required.)

252.239-7010 CLOUD COMPUTING SERVICES (Applicable if this Order involves or may involve cloud services.)

252.244-7000 SUBCONTRACTS FOR COMMERCIAL ITEMS AND COMMERCIAL COMPONENTS
(Department of Defense contracts)

252.246-7003 NOTIFICATION OF POTENTIAL SAFETY ISSUES (Applies if this Order is for (i) parts identified as critical safety items; (ii) systems and subsystems, assemblies, and subassemblies integral to a system; or (iii) repair, maintenance, logistics support, or overhaul services for systems and subsystems, assemblies, subassemblies, and parts integral to a system. Seller shall provide the required notifications to Ceradyne and the Contracting Officer identified to Seller by Ceradyne.)

252.246-7007 CONTRACTOR COUNTERFEIT ELECTRONIC PART DETECTION AND AVOIDANCE SYSTEM (Applies if this Order is for electronic parts or assemblies containing electronic parts. The

requirements in this clause apply in addition to those in DFARS 252.246-7008 below. The first sentence in the clause is deleted in its entirety, which begins “The following paragraphs (a) through (e) of this clause do not apply unless the Contractor is subject to the Cost Accounting Standards”. In paragraph (c)(2), Note 3 applies. To the extent this clause conflicts with other provisions in this Order, this clause shall control. However, if this clause or any other provisions in this Order conflict with DFARS 252.246-7008, then DFARS 252.246-7008 shall control. In addition, Section 8. e) of the Ceradyne Purchase Order Terms Form 80-131 for each Order prohibits any type of counterfeit goods. In that clause, Seller is obligated to include the substance of identified sections in lower tier subcontracts and supplier agreements for procurement of all Goods or items, materials or components used in Goods for delivery to Ceradyne. In any case where Seller is aware or becomes informed that a subcontractor to it refuses to accept flow down of these terms and conditions, Seller shall promptly notify Ceradyne and seek its guidance.)

252.246-7008 SOURCING OF ELECTRONIC PARTS (Applies if this Order is for electronic parts or assemblies containing electronic parts, including commercial items, unless the Seller is the original manufacturer. The requirements in this clause apply in addition to those in DFARS 252.246-7007 above. In paragraph (c)(2), Note 3 applies. To the extent this clause conflicts with other provisions in this Order, this clause shall control.) In addition, Section 8. e) of the Ceradyne Purchase Order Terms Form 80-131 for each Order prohibits any type of counterfeit goods. In that clause, Seller is obligated to include the substance of identified sections in lower-tier subcontracts and supplier agreements for procurement of all Goods or items, materials or components used in Goods for delivery to Ceradyne. In any case where Seller is aware or becomes informed that a subcontractor to it refuses to accept flow down of these terms and conditions, Seller shall promptly notify Ceradyne and seek its guidance.

In addition to the two DFARS clauses above, Seller is bound to comply with Ceradyne’s anti-counterfeiting terms and conditions listed under “Counterfeit Goods” at 3M.com/supplierregspecs.)

252.247-7023 TRANSPORTATION OF SUPPLIES BY SEA (Applicable only if the supplies being transported by ocean vessel under this Order are: (1) items Ceradyne is reselling or distributing to the Government without adding value. (Generally, the prime contractor does not add value to the items when it subcontracts items for f.o.b. destination shipment); (2) shipped in direct support of U.S. military contingency operations, exercises; or forces deployed in humanitarian or peacekeeping operations; or (3) are commissary or exchange cargoes transported outside of the Defense Transportation System in accordance with 10 U.S.C. 2643. Revise the first sentence in paragraph (g) to read “If this Order exceeds \$150,000 and the final invoice does not include the required representation, Ceradyne will reject and return it to the Seller as an improper invoice for the purposes of the payment clause of this Order.” Notes 1 and 2 apply to paragraph (g). Paragraphs (f) and (g) shall not apply if this Order is at or below \$150,000. This clause applies in lieu of FAR 52.247-64.)

252.247-7024 NOTIFICATION OF TRANSPORTATION OF SUPPLIES BY SEA (Applies if this Order meets the criteria set forth in paragraph (b) (2) (ii) of the clause. (Notes 1 and 2 apply.)

252.249-7002 NOTIFICATION OF ANTICIPATED ORDER TERMINATION OR REDUCTION (Applicable if this Order equals or exceeds \$700,000. Delete subparagraph (d)(1) and the first five words of subparagraph (d) (2).) (Note 7 applies).

H. PRIORITY RATING

(a) **FAR 52.211-15 DEFENSE PRIORITY AND ALLOCATION SYSTEM** (Note 7 applies.) This clause applies only if a DPAS priority rating (e.g. DO-A1, DX-A4, DO-H1) appears in this Order, together with the statement: “This is a rated order certified for national defense use, and you are required to follow all the provisions of the Defense Priorities and Allocations System regulation (15 CFR part 700).”

(b) Seller's Notification Requirements Applicable upon Receipt of a Rated Order

(1) In accordance with 15 C.F.R. 700.13(d), except as provided in (b)(2) below, the Seller must accept or reject a rated order in writing (hard copy), or in electronic format, within fifteen (15) working days after receipt of a DO-rated order and within ten (10) working days after receipt of a DX-rated order. If the Seller rejects a rated order, the Seller must provide to the Ceradyne Sourcing Representative, in writing (hard copy) or in electronic format, the Seller's reasons for the rejection, in accordance with paragraphs (b) and (c) of 15 C.F.R. 700.13.

(2) 15 C.F.R. 700.13(d)(2) provides that if a rated order is placed for emergency preparedness requirements and expedited action is necessary or appropriate to meet these requirements and the rated order includes the statement set forth in 15 C.F.R 700.12(b), the Seller must accept or reject the rated order and transmit the Ceradyne Sourcing Representative the acceptance or rejection in writing (hard copy) or in an electronic format within the time specified in the rated order.

(3) In accordance with 15 C.F.R. 700.13(d)(3), if the Seller has accepted a rated order and subsequently finds that shipment or performance will be delayed, the Seller must notify the Ceradyne Sourcing Representative immediately, give the reasons for the delay, and advise of a new shipment or performance date. If notification is given verbally, written (hard copy) or electronic confirmation must be provided within one working day of the verbal notice.

I. CERTIFICATIONS AND REPRESENTATIONS

Seller acknowledges that Ceradyne will rely upon Seller's certifications and representations contained in this clause and in any Seller offer, proposal or quote, or company profile submission provided to Ceradyne that results in the award of this Order. Seller shall immediately notify the Ceradyne Sourcing Representative in writing of any change of status regarding any such certification or representation. The certifications and representations made by Seller in connection with this Order are material certifications and representation of fact upon which Ceradyne's reliance was placed when making award of this Order.

1. FAR 52.209-5 CERTIFICATION THAT NEITHER SELLER NOR ANY OF ITS PRINCIPALS IS DEBARRED, SUSPENDED, OR PROPOSED FOR DEBARMENT BY THE FEDERAL GOVERNMENT (NOTE: If Seller cannot make the certification below, it shall immediately notify the Ceradyne Sourcing Representative in writing.)

(a) By entering or beginning performance of this Order, Seller hereby certifies, to the best of its knowledge and belief, that, as of the date of award of this Order, neither Seller nor any of its Principals is debarred, suspended, or proposed for debarment by the Federal Government.

(b) "Principal," for the purposes of this certification, means an officer; director; owner; partner; or a person having primary management or supervisory responsibilities within a business entity (e.g., general manager; plant manager; head of a division or business segment; and similar positions).

(c) This certification concerns a matter within the jurisdiction of an agency of the United States and the making of a false, fictitious, or fraudulent certification may render the maker subject to prosecution under Section 1001, Title 18, United States Code.

(d) Seller shall provide immediate written notice to the Ceradyne Sourcing Representative if, at any time prior to completion of performance of this Order, Seller learns that its certification was erroneous when submitted or has become erroneous by reason of changed circumstances.

(e) The certification in paragraph (a) of this provision is a material representation of fact upon which reliance was placed when making award of this Order. If it is later determined that Seller knowingly rendered an erroneous certification, in addition to other remedies available to Ceradyne, Ceradyne may cancel this Order for default.

2. FAR 52.203-11 CERTIFICATION AND DISCLOSURE REGARDING PAYMENTS TO INFLUENCE CERTAIN FEDERAL TRANSACTIONS (Applies if this Order exceeds \$150,000)

(a) Definitions. As used in this provision:

(i) "Lobbying contact" has the meaning provided at 2 U.S.C. 1602(8).

(ii) The terms "agency," "influencing or attempting to influence," "officer or employee of an agency," "person," "reasonable compensation," and "regularly employed" are defined in the FAR clause of this Order titled "Limitation on Payments to Influence Certain Federal Transactions" (FAR 52.203-12).

(b) Prohibition. The prohibition and exceptions contained in the FAR clause of this Order titled "Limitation on Payments to Influence Certain Federal Transactions" (FAR 52.203-12) are hereby incorporated by reference in this provision.

(c) Certification. By entering or beginning performance of this Order, the Seller hereby certifies to the best of its knowledge and belief that no Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress on its behalf in connection with the awarding of this Order.

(d) Disclosure. If any registrants under the Lobbying Disclosure Act of 1995 have made a lobbying contact on behalf of the Seller with respect to this Order, the Seller shall complete and submit, with its offer to Ceradyne, a completed copy of OMB Standard Form LLL, "Disclosure of Lobbying Activities," to provide the name of the registrants. The Seller need not report regularly employed officers or employees of the Seller to whom payments of reasonable compensation were made.

(e) Penalty. Submission of this certification and disclosure is a prerequisite for making or entering this Order imposed by 31 U.S.C. 1352. Any person who makes an expenditure prohibited under this provision or who fails to file or amend the disclosure required to be filed or amended by this provision, shall be subject to a civil penalty of not less than \$10,000, and not more than \$100,000, for each such failure.

3. FAR 52.222-56 CERTIFICATION REGARDING TRAFFICKING IN PERSONS COMPLIANCE PLAN (Modified) (Applies to the portion (if any) of this Order that: (1) is for supplies, other than commercially available off-the-shelf (COTS) items, to be acquired outside the United States, or services to be performed outside the United States; and (2) has an estimated value that exceeds \$500,000.)

(a) The term "commercially available off-the-shelf item" is defined in the FAR 52.222-50 clause titled "Combating Trafficking in Persons," in this Order.

(b) By entering or beginning performance of this Order, the Seller hereby certifies that—

(1) It has implemented a Trafficking in Persons Compliance Plan to prevent any prohibited activities identified in paragraph (b) of the clause at FAR 52.222-50, "Combating Trafficking in Persons," and to monitor, detect, and terminate the Seller's subcontracts with its subcontractors and Seller's contracts with its agents who are engaging in prohibited activities identified at paragraph (b) of the clause at FAR 52.222-50, "Combating Trafficking in Persons"; and

(2) After having conducted due diligence, either—

(i) To the best of the Seller's knowledge and belief, neither it nor any of its proposed agents, subcontractors, or their agents is engaged in any such activities listed in 52.222.50 (b); or

(ii) If abuses relating to any of the prohibited activities identified in 52.222-50(b) have been found, the Seller or its proposed agent, subcontractor, or subcontractor agent has taken the appropriate remedial and referral actions. (E.G., engaging in severe forms of trafficking in persons during performance of this Order; charging employees recruitment fees, and other forms of abuse listed in (b).)

(3) During the performance of this Order, the Seller shall provide to the Ceradyne Sourcing Representative annual certifications of compliance with the requirements in paragraphs (b) (1) and (b) (2) above.

4. DFARS 252.222-7007 REPRESENTATION REGARDING COMBATING TRAFFICKING IN PERSONS

(Modified) (Applies if this Order is issued under a Department of Defense Prime Contract)

By entering or beginning performance of this Order, the Seller represents that it:

(a) Will not engage in any trafficking in persons or related activities, including but not limited to the use of forced labor, in the performance of the Order;

(b) Has hiring and subcontracting policies to protect the rights of its employees and the rights of subcontractor employees and will comply with those policies in the performance of the Order; and

(c) Has notified its employees and subcontractors of:

(1) The responsibility to report trafficking in persons violations by the contractor, contractor employees, the subcontractor or subcontractor employees, at any tier; and

(2) Employee protection under 10 U.S.C. 2409, as implemented in DFARS subpart 203-9, from reprisal for whistle blowing on trafficking in persons violations.

J. ADDITIONAL FLOW DOWN CLAUSES IN THIS ORDER

In addition to these Flow-Downs, the U.S. Government prime contract or higher-tier subcontract issued to Ceradyne may require "Special Provisions", including possibly more FARS and/or DFARS, as applicable, to be incorporated by reference into the Order.