

**Ceradyne, Inc. (a 3M Company and “Buyer”)
Purchase Order Supplemental Terms and Conditions FAR/DFARS
Clause Flow-Downs in Fulfillment of
U.S. Government No. W58RGZ-16-C-0023
04 January 2017**

The Federal Acquisition Regulations (FAR) and Defense FAR Supplement (DFARS) (“Flow Downs”) provisions are accessible at <https://www.acquisition.gov>. The Flow-Downs apply to this Order to the extent required by applicable Federal law and/or regulations or the language in the clauses, and have the same force and effect as if they were included in full text in the Order.

The following clauses are incorporated by reference and made a part hereof. The dates of these clauses are the dates in effect in the U.S. Government Prime Contract issued to Buyer. Unless specified otherwise, the term “Contractor” shall mean “Seller,” the term “Contract” shall mean “Order,” the term “Supplier” shall mean Seller’s Suppliers, and the term “Contracting Officer” shall remain Contracting Officer.

If the Order exceeds \$10,000, this Buyer and 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 prime contractors and Sellers to employ and advance in employment qualified individuals with disabilities.

If the contract exceeds \$100,000, this Buyer and 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 prime contractors and Sellers to employ and advance in employment qualified protected veterans.

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).

When applicable, 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 Contract, or with amendments or modifications to the applicable Prime Contract at no additional cost to Buyer.

Identification and Traceability is a requirement under this contract. The Seller shall maintain traceability records for all component parts. All component parts shall be traceable through the end item product. Component part information shall enable traceability to the raw materials used in the component part. Records shall be maintained and readily available for review and audit verification when requested

The Contract has identified this system as having a Critical Safety Item Designation

| Title | Notes |
|---|---|
| FAR 52.202-1 Definitions (NOV 2013) | To ensure a common understanding of terms defined in the prime contract. |
| FAR 52.203-3 Gratuities (APR 1984) | Order can be terminated if Seller is guilty of offering or providing gratuities. |
| FAR 52.203-5 Covenant Against Contingent Fees (MAY 2014) | Order can be terminated if the Seller violates the prohibition against soliciting or obtaining government contracts for a contingent fee. |
| FAR 52.203-6 Restrictions on Subcontractor Sales to the Government (SEP 2006) | Applicable to subcontracts or Orders exceeding the simplified acquisition threshold 150,000, other than those for commercial items (see FAR Part 12). |
| FAR 52.203-6 Restrictions on Subcontractor Sales to the Government—Alternate I (OCT 1995) | Applicable to subcontracts or Orders exceeding the simplified acquisition threshold for commercial items. |

| | |
|--|--|
| FAR 52.203-7 Anti-Kickback Procedures (MAY 2014) | Applicable to all Orders that exceed \$15,000 except for paragraph(c)(1) and "Prime Contractor" shall mean Buyer, no substitutions for Contracting Officer, "Supplier" shall mean Seller and Seller's Suppliers. |
| FAR 52.203-12 Limitation on Payments to Influence Certain Federal Transactions (OCT 2010) | The Seller must provide the declaration required by FAR 52.203-11 for Orders exceeding \$150,000 . |
| FAR 52.203-13 Contractor Code of Business Ethics and Conduct (OCT 2015) | Applicable to all Orders that expected to exceed \$5.5 million and the performance period is 120 days or more. |
| FAR 52.203.14 Display of Hotline Poster (OCT 2015) | Applicable to Orders exceeding \$5.5 million, but not in commercial items Orders or Orders performed entirely outside the United States. |
| FAR 52.203-17 Contractor Employee Whistleblower Rights and Requirement to Inform employees of Whistleblower Rights (APR 2014) | Applicable if Order exceeds \$150,000. |
| FAR 52.209-6 Protecting the Government's Interest When Subcontracting with Contractors Debarred, Suspended, or Proposed for Debarment (OCT 2015) | Applicable to all Orders that exceed \$35,000 and are not for commercially available off-the-shelf items. |
| FAR 52.215-14 Integrity of Unit Prices (OCT 2010) | Applicable to all Orders less paragraph (b) that is expected to exceed the simplified acquisition threshold. |
| FAR 52.222-37 Employment Reports on Veterans (FEB 2016) | Applicable to all Orders for \$150,000 or more. |
| FAR 52.222-40 Notification of Employee Rights Under the National Labor Relations Act (DEC 2010) | Applicable if value of Order is expected to exceed \$10,000, unless exempted by rules, regulations, or orders of the Secretary of Labor. |
| FAR 52.222-54 Employment Eligibility Verification (OCT 2015) | Applicable to all Orders that is expected to exceed the simplified acquisition threshold of \$3,500 or more. |
| FAR 52.223-18 Encouraging Contractor Policies to Ban Text Messaging While Driving (AUG 2011) | Applicable to all Orders that exceed the micro-purchase threshold (see FAR 2.101 for the applicable amount). |
| 52.223-7 Notice of Radioactive Materials (JAN 1997) | Applicable to items that contain radioactive material. |
| FAR 52.227-2 Notice and Assistance Regarding Patent and Copyright Infringement (DEC 2007) | Applicable to all Orders if it exceeds the simplified acquisition threshold. |
| FAR 52.233-3 Protest After Award (AUG 1996) | Applicable to all Orders if the Government issues a stop-work order. |
| FAR 52.242-17 Government Delay of Work (APR 1984) | Applicable only in the event the Government causes a delay by stop work or other action that results in increased substantiated costs to the Seller. |
| FAR 52.243-1 Changes – Fixed Price (AUG 1987) | Applicable to all Orders. |

FAR 52.249-2 Termination for Convenience of the Government (Fixed-Price) (APR 2012)

Applicable to all Orders.

DFARS

DFARS 252.203-7001 Prohibition on Persons Convicted of Fraud or Other Defense Contract Related Felonies (DEC 2008)

Applicable to all Orders that exceed the simplified acquisition threshold, except those for commercial items.

DFARS 252.203-7002 Requirements to Inform Employees of Whistleblower Rights (SEP 2013)

Applicable to all Orders.

DFARS 252.204-7000 Disclosure of Information (OCT 2016)

Applicable to all Orders.

DFARS 252.204-7009 Limitations on the Use or Disclosure of Third-Party Contractor Reported Cyber Incident Information (OCT 2016)

Applicable to all Orders that include support for Government's activities related to safeguarding covered defense information and cyber incident reporting.

252.204-7012 Safeguarding Covered Defense Information and Cyber Incident Reporting (OCT 2016)

Applicable if covered defense information is resident or transiting through Seller's information systems; (b)1(ii)(A). Seller shall provide to Buyer a copy of the notification sent to DoD CIO at the time such notification is sent; (b)1(ii)(B), Seller shall provide to Buyer a copy of the effective security measures and/or equivalent protections as accepted by DoD CIO at the time such measures are accepted; (c)1(ii), Seller shall provide a copy of cyber incident reports to Buyer at the time such incident is reported to DoD CIO. If Buyer is subject to any liability or expense, including government withholding of payments, as the result of Seller or its lower-tier sub-contractors' failure to comply with the subject clause and the requirement therein, then Seller agrees to indemnify and hold Buyer harmless to the full extent of any damage or expense resulting from such action.

DFARS 252.209-7010 Critical Safety Items (AUG 2011)

Applicable to all Orders.

DFARS 252.223-7008 Prohibition of Hexavalent Chromium (JUN 2013)

Applicable to all Orders.

DFARS 252.225-7007 Prohibition on Acquisition of United States Munitions List Items from Communist Chinese Military Companies (SEP 2006)

Applicable for any supplies or services covered by the United States Munitions List that are delivered under the contract and may not be acquired, directly or indirectly, from a Communist Chinese military company.

DFARS 252.225-7008 Restriction on Acquisition of Specialty Metals (MAR 2013)

Applicable if Order requires the delivery of specialty metals as end items.

252.225-7010 Commercial Derivative Military Article – Specialty Metals Compliance Certificate (JUL 2009)

Applicable if DFARS Clause 252.225-7009 is applicable and commercial derivative military items will be delivered under this Order.

| | |
|---|--|
| DFARS 252.225-7036 Buy American Act—Free Trade Agreements—Balance of Payments Program (DEC 2016) | Applicable to all Orders. |
| DFARS 252.244-7000 Subcontracts for Commercial Items and Commercial Components (JUN 2013) | Applicable to all subcontracts or Orders for commercial items and commercial components. |
| DFARS 252.246-7003 Notification of Potential Safety Issues (Jun 2013) | Applicable to all Orders. |
| DFARS 252.246-7007 Contractor Counterfeit Electronic Part Detection and Avoidance System (AUG 2016) | Applicable to the extent Seller is supplying electronic parts or assemblies containing electronic parts under Order, including commercial items. |
| DFARS 252.246-7008 Sources for Electronic Parts (OCT 2016) | Applicable to extent Seller is supplying electronic parts or assemblies containing electronic parts under Order, including commercial items, unless the Seller is the original manufacturer. |

I. ADDITIONS

A. 5252.223-9501 MATERIAL SAFETY DATA SHEET (MSDS) (NAVAIR) (APR 2009)

- (a) The contractor shall forward an electronic copy of the Material Safety Data Sheet (MSDS) required under FAR Clause 52.223-3, "Hazardous Material Identification and Material Safety Data", to Mar-navyhmirs@med.navy.mil and the Naval Inventory Control Point (NICP) at wraps.prime.fct@navy.mil.
- (b) One copy of the MSDS shall be enclosed with the shipping documents. If the shipment is received without an attached copy of the MSDS, the Government has the right to refuse receipt.

B. 5252.227-9507 NOTICE REGARDING THE DISSEMINATION OF EXPORT-CONTROLLED TECHNICAL DATA (NAVAIR) (OCT 2005)

- (a) Export of information contained herein, which includes release to foreign nationals within the United States, without first obtaining approval or license from the Department of State for items controlled by the International Traffic in Arms Regulations (ITAR), or the Department of Commerce for items controlled by the Export Administration Regulations (EAR), may constitute a violation of law.
- (b) For violation of export laws, the contractor, its employees, officials or agents are subject to:
 - (1) Imprisonment and/or imposition of criminal fines; and
 - (2) Suspension or debarment from future Government contracting actions.
- (c) The Government shall not be liable for any unauthorized use or release of export-controlled information, technical data or specifications in this contract.