

GOVERNMENT SALES DISTRIBUTION AGREEMENT

This Government Sales Distribution Agreement (the "Agreement") is entered into as of December 28th, 2021 (the "Effective Date"), by and between **Sanders Industries Holdings Inc. dba Integrated Polymer Solutions**, and its Affiliates (hereinafter, the "SUPPLIER"). a Delaware corporation having an address at 3701 East Conant Street, Long Beach, CA 90808 and **AAR SUPPLY CHAIN, INC.**, a corporation organized under the laws of the State of Illinois, with offices of located at 1100 N. Wood Dale Road, Wood Dale, Illinois 60191 ("DISTRIBUTOR"). "Affiliate" means, with respect to any party, any legal person or entity, that, directly or indirectly, controls is controlled by, or is under common control with such party,

Each of SUPPLIER and DISTRIBUTOR are also referred to herein as a "Party," and together, the "Parties.":

CONSIDERATIONS UNDERLYING THIS AGREEMENT

WHEREAS, SUPPLIER is a leading global manufacturer of certain military and defense products; and

WHEREAS, DISTRIBUTOR is a global wholesale distributor of military and defense products; and

WHEREAS, SUPPLIER requires the services of a distributor knowledgeable in the markets that SUPPLIER sells its products into and is competent to assist SUPPLIER in the promotion, sale, and support of its products; and

WHEREAS, DISTRIBUTOR is willing and able to provide such service on the terms and subject to the conditions herein.

WHEREAS, The Parties wish to enter into a long-term agreement for the purpose of supplying aircraft products for SUPPLIER to the Defense Logistics Agency and all branches of the US Armed Services.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable considerations, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

1. Appointment of DISTRIBUTOR

SUPPLIER appoints Distributor as its exclusive distributor for the Products, CUSTOMERS and Sales Territory according to the terms set forth in this Agreement as of the Effective Date.

a. Products

All products set forth on Exhibit A (the "Products").

b. Customers

"CUSTOMERS" are:

- i. The Defense Logistics Agency ("DLA"),
- ii. all branches of the US Armed Services, and related parties, and
- iii. foreign military.

c. Sales Territory

DISTRIBUTOR is authorized to sell the Products to the CUSTOMERS worldwide ("Sales Territory") subject to applicable export laws.

2. Terms of Exclusivity

- a. SUPPLIER will quote and sell to DISTRIBUTOR on an exclusive basis the PRODUCT(S). DISTRIBUTOR will issue purchase orders to SUPPLIER for the PRODUCT(S) pursuant to this Agreement. The terms hereof are applicable and incorporated into such purchase orders.
- b. DISTRIBUTOR will exclusively quote PRODUCT(S) in the Sales Territory to the CUSTOMER(S) where SUPPLIER is a current and approved source and where SUPPLIER is currently not an approved source where SUPPLIER can adequately compete in the market.
- c. DISTRIBUTOR will issue an RFQ to SUPPLIER for each CUSTOMER solicitation.
- d. SUPPLIER reserves the right to directly sell its products to CUSTOMER at SUPPLIER's sole discretion. Prior to SUPPLIER notifying the CUSTOMER of its intent to sell products on a direct basis, SUPPLIER agrees to provide reasonable notice to DISTRIBUTOR and the Parties shall collaborate and jointly consider options to maintain the integrity of this distribution sales channel and have DISTRIBUTOR quote and sell the impacted product.
- e. In the event SUPPLIER sells directly to the CUSTOMER, SUPPLIER agrees to purchase from DISTRIBUTOR, and DISTRIBUTOR agrees to sell, any inventory DISTRIBUTOR has in stock for the product being sold directly by SUPPLIER to the CUSTOMER at the last price paid for the product.
- f. All pre-existing awarded product orders with a CUSTOMER will continue to be supported by existing parties as originally contracted.
- g. Exhibit A will be revised from time to time by mutual agreement between SUPPLIER and DISTRIBUTOR adding or removing PRODUCTS.

3. Relationship of the Parties

- a. It is expressly agreed between the Parties that the relationship hereby established is solely one of supplier and buyer. DISTRIBUTOR shall purchase PRODUCT for its own account and shall act as an independent contractor in all respects. Each of the Parties shall be solely responsible for its acts and failures to act and the acts and failures to act of its employees, agents, and representatives. Neither Party shall have the authority to commit the other Party in any matter, cause or undertaking whatever, without the prior written consent of the other Party.
- b. Except with written agreement of SUPPLIER, DISTRIBUTOR shall not use any trademark of SUPPLIER in any manner whatsoever, provided, however, that while this Agreement remains in full force and effect, DISTRIBUTOR shall be entitled to describe itself as an exclusive distributor of Product as defined under this Agreement for SUPPLIER.
- c. The Parties agree to share information limited to pertinent, mutually agreed upon and developed plans and/or targeted programs. Information can be in the form of market information, plans, forecasts, part cross-reference data, information available in the public domain, published technical information, and/or parts catalogs. All know how, proprietary technical, experimental, manufacturing, marketing plans, sales and pricing information and/or other information disclosed between the parties pursuant to this Agreement or its extension(s) are highly confidential in nature. Both Parties agree to sign the non-disclosure agreement EXHIBIT B and incorporate herein with a term equal to this Agreement.

4. Periodic Reviews

SUPPLIER and DISTRIBUTOR will establish a monthly meeting schedule to review sales performance to date and CUSTOMER support activity related to the PRODUCTS covered under this Agreement. Additionally, the Parties will, upon mutual agreement, forecast and adjust the balance of the year's requirements based on good marketing intelligence.

5. Reporting

DISTRIBUTOR will supply SUPPLIER a monthly report detailing the status of all solicitations received from the CUSTOMERS. This report will contain the CUSTOMER Part Number, the SUPPLIER Part Number, Quantity, Solicitation Number, Estimated Value, Order Status, Win/Loss, and competitive feedback.

6. Performance

- a. SUPPLIER and DISTRIBUTOR will work closely together and set as part of this Agreement minimum performance levels to ensure the Sales forecasts are met as set forth in Exhibit C (the "Sales Forecast").
- b. It is the intent of the relationship between SUPPLIER and DISTRIBUTOR to increase market share in in the Sales Territory for the CUSTOMERS. The Sales Forecast is the minimum performance threshold expected by SUPPLIER. Any failure in achieving

the threshold limits will be reviewed during the monthly meeting and corrective action strategy will be documented and executed.

7. New Product, SAR Approvals, PID Approvals

DISTRIBUTOR will work closely with SUPPLIER, and the CUSTOMERS to have the Products approved on CUSTOMER Project Initiation Document (PID) listings. New product business prospects will be reported to SUPPLIER in a timely manner. DISTRIBUTOR will present to the SUPPLIER a minimum of \$2,000,000.00 in Product approvals opportunities annually.

8. Support

- a. DISTRIBUTOR and SUPPLIER will ensure that adequate staffing and support is provided to ensure all qualified solicitations are properly reviewed and that any resulting quote to the CUSTOMER can be made to meet CUSTOMER's commercially reasonable deadlines and terms.
- b. DISTRIBUTOR and SUPPLIER will work closely together to ensure that any PRODUCT supplied to the CUSTOMER resulting from items quoted as part of this Agreement meet all CUSTOMER specifications and terms.
- c. SUPPLIER agrees to work with and support DISTRIBUTOR to assist in business development or sales activities including but not limited to the development of long-term agreements covering the PRODUCTS with the CUSTOMER.
- d. DISTRIBUTOR will provide a SUPPLIER account program manager that will promote the sales, procurement, and distribution of the Products to the CUSTOMERS. This individual will be responsible for all liaison activities and will travel to SUPPLIER as required to support business objectives.
- e. DISTRIBUTOR is responsible for labeling and packaging requirements as flowed down per specific government contracts.
- f. DISTRIBUTOR and SUPPLIER will periodically assess the need for investments necessary for developing additional business opportunities and allow for additional product qualification. The Parties will mutually agree upon the funding for such investments on a case-by-case basis prior to any expenditure related to them.
- g. DISTRIBUTOR and SUPPLIER will periodically review the pricing arrangements described in Section 9 hereof to ensure that the pricing between the Parties and the pricing to the CUSTOMER remain competitive.
- h. SUPPLIER shall provide DISTRIBUTOR with all classification data for the Products as applicable, including but not limited to Country of Origin, ECCN or USML codes, and USHTS or U.S. Schedule B.

- i. SUPPLIER and DISTRIBUTOR will reasonably cooperate in good faith to minimize or eliminate any exposure to taxes in connection with the execution of this Agreement.

9. Pricing

SUPPLIER will establish all pricing arrangements to DISTRIBUTOR. The parties agree to work closely together to arrive at prices to the CUSTOMERS that will be competitive and represent the best value to the CUSTOMERS. DISTRIBUTOR will respond to government RFQ's using their own cage code and reference the applicable SUPPLIER cage code as the manufacturer.

10. Terms of Sales

- a. Prices quoted are for delivery DAP (Incoterms 2020) DISTRIBUTOR's US locations. Risk of loss and title shall pass upon delivery.
- b. The price quoted includes SUPPLIER's standard warranty that all goods furnished will conform to drawings and specifications at time of delivery and that SUPPLIER will repair or replace defective goods F.O.B. SUPPLIER applicable facility.
- c. SUPPLIER accepts as "flow-downs" those FAR and DFAR clauses, which are required, by their terms, to be included in subcontracts. For purposes of "Buy American" clauses and regulations, SUPPLIER's quotation is understood to be for components and not for end items intended use.
- d. Standard payment terms will be net 30 days from shipment, F.O.B. SUPPLIER applicable plant facility.

11. Limitations

This Agreement is solely for the sale of PRODUCT(S) to the CUSTOMER(S) and may not be used for any other products.

12. Raw Material

Exotic materials such as Titanium, Inconel, Monel, and other proprietary alloys may require special contract contingencies that will be negotiated between SUPPLIER and DISTRIBUTOR in good faith.

13. Ethical Conduct and Compliance with Laws

- a. SUPPLIER and DISTRIBUTOR shall conduct themselves in compliance with all applicable federal, state, and local laws and regulations governing SUPPLIER and DISTRIBUTOR, as well as those laws and regulations applicable in the Territory and any subdivisions thereof. Further, DISTRIBUTOR and SUPPLIER will always conduct their respective business in an honest and ethical manner.
- b. Each Party shall comply with all applicable export control laws and regulations, including but not limited to the Arms Export Control Act, International Traffic in Arms Regulations (ITAR), the Export Administration Regulations (EAR), including obtaining any licenses or permits thereunder and any other applicable government directives related

to export control. Neither Party shall export, disclose, furnish, or otherwise provide any such article, technical data, technology, defense service, or technical assistance of the other Party to any foreign person or entity, whether within the U.S. or abroad without first complying with all the requirements of the ITAR or EAR, as applicable.

14. Duration & Termination

- a. The Term of this Agreement shall be for three (3) years from the Effected Date. Upon DISTRIBUTOR's and SUPPLIER's mutual consent, the term of this Agreement may be extended for up to three (3) successive renewal periods of one (1) year each, under the terms and conditions contained herein; provided, however, after six (6) months from the Effective Date of this Agreement, either Party may terminate this Agreement for convenience by giving a six (6) months' notice to the other Party. Within thirty (30) days of the termination of the Agreement, DISTRIBUTOR will have the right to place a final purchase order with SUPPLIER for Products, up to the previous twelve (12) months CUSTOMER demand at the then current price listed in Exhibit A.
- b. SUPPLIER and DISTRIBUTOR will conduct monthly business reviews. Performance criteria listed in Exhibit C are contingent upon SUPPLIER meeting its support requirements in Section 7. Should DISTRIBUTOR fail to achieve the performance criteria in Exhibit C solely due to SUPPLIER not meeting its support requirements in Section 7, DISTRIBUTOR and SUPPLIER will modify the performance criteria or extend the performance term in accordance to the SUPPLIER support available.
- c. At termination, but prior to the expiration of the Term, all confirmed quotes and orders made by either Party will be supported as agreed between the Parties.

15. Limitation of Liability.

NEITHER PARTY WILL BE LIABLE FOR, AND EACH PARTY WAIVES ANY CLAIMS AGAINST THE OTHER PARTY FOR, ANY SPECIAL, INCIDENTAL, OR CONSEQUENTIAL DAMAGES INCLUDING LOST REVENUES, LOST PROFIT, OR LOSS OF PROSPECTIVE ECONOMIC ADVANTAGE, RESULTING FROM PERFORMANCE OR FAILURE TO PERFORM UNDER THIS AGREEMENT, EXCEPT AS PROVIDED IN THIS AGREEMENT.

16. Indemnification.

To the extent a Party is responsible for design, materials, and workmanship of the Products under this Agreement, this Party (the "Indemnifying Party") shall indemnify, defend and hold harmless the other Party (including directors, officers, employees and agents (collectively, the "Indemnified Party") from and against any and all third party claims, damages, losses, liabilities, judgments, fines, civil penalties, costs and expenses of any kind or nature whatsoever (including but not limited to interest, court costs and attorney(s) fees), which in any way arise out of or result from any parts that are the subject to this Agreement and in connection with any faulty design, any defect or any deficiency in the parts or materials that were the responsibility of the Indemnifying Party, including injury to or death of any person, damage to or destruction of any property, real or personal up to the value of the parts. The

indemnification obligations of this Section shall survive termination or expiration of this Agreement. The Indemnified Party will promptly notify the Indemnifying Party of any claim made or suit brought within the scope of this Section and the Indemnifying Party shall have the right to participate in the defense or to affect any settlement that it may deem appropriate.

17. Insurance.

SUPPLIER shall, at its sole cost and expense, procure and maintain or cause to be maintained, in full force and effect during the term of this Agreement:

- Aviation Products Liability insurance per occurrence and in the annual aggregate of at least \$20,000,000.00.

Upon request, SUPPLIER shall provide a certificate on insurance to the DISTRIBUTOR evidencing such insurance.

18. Applicable Law. This contract shall be interpreted and enforced in accordance with the laws of the State of California, U.S.A., without regard to its conflict of law rules.

19. Arbitration of Disputes: Any dispute arising under or in connection with this Agreement shall be settled amicably through negotiations between the Parties. If such negotiations fail, then such disputes be settled by binding arbitration by a single arbitrator agreed to by the Parties under the commercial arbitration rules of the American Arbitration Association (the "AAA Rules"). The arbitration shall be conducted in English. The seat, or place, of the arbitration shall be Los Angeles, California. The award of the arbitrator shall be enforceable in any jurisdiction.

20. Miscellaneous Provisions

- This Agreement constitutes the entire agreement and understanding between the Parties as to the subject matter hereof.
- No waivers of any provision hereof or any other change or addition to this Agreement shall have effect unless in writing and signed by the Parties.
- Assignment: This contract may not be assigned by either Party, in whole or in part, without the prior notification to the other Party.
- Change of Control: Upon Change of Control of either Party, the other Party, upon giving 60 Days' notice to the other Party, may terminate this Agreement. For the purposes of this Agreement, the term "Change of Control" shall refer to any merger, acquisition or similar business combination by SUPPLIER, or a sale of more than 50% of SUPPLIERs assets or voting stock to any third party.
- Notices. Notices to the Parties hereto shall be delivered in writing personally, by First Class mail, return receipt requested, or by a recognized overnight delivery service, or via email, addressed to DISTRIBUTOR or SUPPLIER (as the case may be) at the address indicated below, unless the receiving party has given notice to the sending party of a change of address:

SUPPLIER:

Sanders Industries Inc.
3701 East Conant Street
Long Beach, CA 90808
Attention: Lasse Ostergaard

DISTRIBUTOR:

AAR Supply Chain, Inc.
110 N. Wood Dale Rd
Wood Dale, IL 60191
Attention: VP/GM Commercial Aftermarket

All notices will be deemed to have been given when delivered in person, five (5) business days after being deposited in the U.S. Mail, or one (1) business day after being sent by overnight delivery, or by email with confirmed receipt of transmission at the date and time indicated on such receipt.

IN WITNESS WHEREOF, the Parties have caused their authorized officers to execute this Agreement as of the Effective Date

Sanders Industries Inc.

By: 

Name: LASSE OSTERGAARD

Title: VP Marketing

AAR SUPPLY CHAIN, INC.

By: _____

Name: _____

Title: _____

EXHIBIT A

PRODUCTS

Products for Rubbercraft Corporation of California Ltd. and Icon Aerospace Technology Ltd.
listed by part number.

Rubbercraft and Icon Aerospace Technology part numbers included in agreement:



AAR RCC and Icon
Military Part Number

Rubbercraft and Icon Aerospace Technology part numbers excluded in agreement



AAR RCC and Icon
Military Part Number

EXHIBIT B

Non-Disclosure Agreement

Non-Disclosure Agreement



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EXHIBIT C

Sales Forecast

Agreed Sales Forecast – to be added