

HORSTMAN CANADA
SUPPLIER QUALITY ASSURANCE REQUIREMENTS
SQAR No. 35

The requirement outlined below, as specified on this purchase order and subsequent amendments, forms in integral part of the purchase order between Horstman Canada Inc. and the seller. The requirement shall remain in force for the duration of this purchase order only, unless deviation is authorized in writing by Horstman Canada.

35. Controlled Goods Purchasing for the Stryker Program

35.1. Definitions

35.2. "Controlled Goods" are:

- 35.2.1. ITAR-controlled military and military-related goods and technologies (including drawings and specifications)
- 35.2.2. ITAR-controlled dual-use goods and technologies (including drawings and specifications) as may be in the company's possession.
- 35.2.3. Military and military-related goods and technologies (including drawings and specifications) that have been supplied and declared by a Canadian customer as "Controlled Goods" as may be in the company's possession.
- 35.2.4. Dual-use goods and technologies (including drawings and specifications) that have been supplied and declared by a Canadian customer as "Controlled Goods" as may be in the company's possession.

35.3. Requirements

- 35.3.1. The Company certifies that it is a Canadian registered person in accordance with the Canadian Defense Production Act or a US company registered with DDTC and agrees to notify Horstman Canada immediately if there is any change in its status as a Canadian registered person.
- 35.3.2. The Company certifies that any technical data or defense services received by it from Horstman Canada will be used only to produce, design, assemble, maintain, or service a defense article (i.e., hardware, technical data) for use by a registered U.S. company, or for use by a U.S. Federal Government program, or for end-use in a Canadian Federal, Provincial, or Territorial Government program; and that the defense services and technical data are limited to those defined in 22 C.F.R. § 126.5(c)(6) (specifically, build-to-print or build / design-to-specification) and its companion Canadian federal legislation, Bill S-25.
- 35.3.3. Any defense articles produced by the Company as a result of the technical data and defense services being furnished by Horstman Canada will be delivered directly and only to Horstman Canada, the U.S. Federal Government, a contractor or subcontractor who is a Canadian registered person, or a Canadian Federal, Provincial, or Territorial Government.

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- 35.3.4. The Company agrees not to disclose the technical data furnished by Horstman Canada to any other non-U.S. contractor, subcontractor, or other entity that is not a Canadian registered person or a U.S. manufacturer registered under 22 C.F.R. Part 122 and its companion Canadian federal legislation, Bill S-25.
- 35.3.5. The Company agrees that any subcontract it enters into with respect to the technical data and defense services it receives from Horstman Canada will contain the relevant limitations contained in 22 C.F.R. § 126.5 and its companion Canadian federal legislation, Bill S-25 (i.e., the same provisions as are included in this letter agreement).
- 35.3.6. The vendor agrees to identify, upon request, all contractors, subcontractors or customers working on the Subject Parts.
- 35.3.7. The company agree to destroy or return to Horstman Canada all of the technical data exported pursuant to any contract or purchase order upon fulfillment of the contract, unless for use by a Canadian or U.S. government entity that requires in writing the technical data be maintained, and the company agrees to require that any of its subcontractors destroy or return to Horstman Canada or the company all such technical data. The company further agrees to provide Horstman Canada with written certification the destruction required by this paragraph.
- 35.3.8. The company agrees that all documentation created from U.S. Technical data will contain the statement, “This document contains technical data, the use of which is restricted by the US Arms Export Control Act. The data has been provided in accordance with, and is subject to, the limitations specified in § 126.5 of the International Traffic in Arms Regulations (ITAR). By accepting this data, the consignee agrees to honor the requirements of ITAR”.
- 35.3.9. No dual / third country national having nationality of a country proscribed in 22 C.F.R. § 126.5 will be granted access to any technical data , defense articles or defense services exported, transferred or developed in accordance with 22 C.F.R. § 126.5 and its companion Canadian federal legislation, Bill S-25.
- 35.3.10. The vendor agrees to flow down the following requirements throughout the length of the supply chain:

End use: Production parts for the United States Army's Light Armoured Vehicle fleet -
United States
Defense Contract #W56HZV-07-D-M112
End user: United States Army
US Army Tank-Automotive and Armaments Command (TACOM)
SFAE - GCS - W-BCTP

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Warren, MI
48397-5000

GDLS-C's Canadian Controlled Goods Directorate (CGD) number is: 020884.

For lists applicable to this purchase order, go to the GDLS-C web-site at
<http://www.gdlsCanada.com/purchasing/consignees.htm>

Specifically:

Foreign Consignees (i.e. for Block 16 of DSP-5 license applications)
Foreign Intermediate Consignees (i.e. for Block 18 of DSP-5 license applications)
Workforce Language (i.e. for Block 20 of DSP-5 license applications)

Suppliers to GDLS-C must include the above information on their license applications of shipments to GDLS-C. Please note some of the entities that require access to the items being purchased are not eligible for the Canadian Exemption at 22 CFR 126.5. Therefore under the International Traffic in Arms Regulations (ITAR) 22 CFR 120 - 130 and GDLS-C policy, your organization will be required to obtain written approvals (e.g. DSP-5 Export Licenses) regardless of program for any export of defense articles and defense services, including technical data. Use of the Canadian Exemption may only be appropriate in exigent circumstances and required the prior approval of GDLS-C.

In accordance with the ITAR 22 CFR 132.1(a), U.S. exporters: "must obtain the approval of the Directorate of Defense Trade Controls prior to the export or temporary import (of defense articles)".

For U.S. Suppliers: When this is applicable, U.S. suppliers are required to provide a copy of their license to GDLS-C Supply Chain Management Export Compliance prior to first shipments of parts. Contact information is below.

For Non-U.S. Suppliers: When items supplied by non-U.S. suppliers are U.S. origin defense articles or contain U.S. origin components that are subject to the ITAR, the non-U.S. supplier must provide proof that suitable retransfer authorization has been secured that allows the items to be transferred to GDLS-C, the end-user, foreign consignees and foreign intermediate consignees identified above.

Documents may be sent by e-mail for fax to scm-ec@gdls.com or (519) 964-5730, or (519) 964-5688.

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