

National Products, Inc.

Purchase Order Terms and Conditions

ACCEPTANCE OF THIS ORDER CONSTITUTES
AGREEMENT TO THE FOLLOWING CONDITIONS

1. **ACCEPTANCE** - This order is not binding upon the Buyer until accepted by the Seller. Acknowledgement of this Purchase Order and/or the furnishing of any products or services or acceptance of any payment by Seller under this Purchase Order constitutes an unqualified acceptance by Seller of all terms and conditions set forth and Buyer objects to inclusion of additional or different terms or conditions in any prior or subsequent document or other communication from Seller to Buyer.
2. **DELIVERY** - Delivery must be affected within the time stated on this order. Buyer's production schedules are based upon the reliance that delivery shall be affected by the date specified, or as amended by mutual consent, and Buyer may cancel or purchase elsewhere and hold the Seller liable for any loss or damage if delivery is not affected as agreed upon. Buyer may, from time-to-time, change delivery schedules or direct temporary suspensions of scheduled shipments by written supplements to this order. Unless otherwise provided in this order, Seller shall have title to and bear the risk of any loss of or damage to articles purchased hereunder until they are delivered in conformity with this order at the F.O.B. point specified on the face hereof. Passing of title upon delivery shall not constitute acceptance of articles by Buyer.
3. **MATERIAL COMMITMENT** - The procurement of all components and materials is Seller's responsibility and should be adjusted as necessary to meet Buyer's orders or delivery schedules. Articles shipped to Buyer in advance of schedule may be returned to Seller at Seller's expense. Necessary components and materials shall be based on expected lead times and order quantities should be adjusted to meet Buyer's needs as finally set in an order or a delivery schedule, with a maximum of three (3) months of material needs being secured unless otherwise agreed by the parties. Seller is responsible for continuously gathering of information on materials and/or sub-supplier components used for manufacturing the articles. If production of any component is expected to cease, or become globally allocated, Seller shall immediately contact Buyer. Seller may after written agreement with Buyer purchase, for and on behalf of Buyer, agreed volumes of such components. To guarantee the ownership of the components, unless otherwise agreed, the recipient of the invoice shall be Buyer at Seller's address. Seller shall pay for the components and the cost of the purchase shall be specifically invoiced to Buyer. If required by Buyer, Seller shall immediately send Buyer-owned components to Buyer.
4. **QUANTITIES** - It is Seller's responsibility to furnish the proper quantity called for on this order. No variation in the quantities specified herein will be accepted as compliance with this order unless previously approved by the Buyer. The Buyer reserves the right to return unapproved excess shipments at Seller's expense.
5. **LEAD TIME** - Lead-time, established at the time of quote will be the maximum lead time in force unless otherwise agreed to, 90 days in advance, in writing, by the Buyer.
6. **WARRANTY AND LIABILITY** - Seller shall hold harmless, defend and indemnify Buyer against any and all claims for loss, liability or damage arising out of or in connection with the articles, materials and work furnished pursuant to this order. In addition to all other express warranties or implied warranties of fitness and merchantability, Seller warrants that all articles, material and work conform strictly with applicable drawings, specifications, samples and/or other descriptions given to Seller, and will be free from defects. Without limiting any rights which Buyer may have at law by reason of any breach of warranty, goods which are not as warranted may, at any time within one (1) year after delivery, be returned at Seller's expense for either credit or replacement as Buyer may direct and Seller shall be responsible for any costs or expenses incurred in removing or replacing defective goods, including labor costs.
7. **BUYER'S PROPERTY** - Unless otherwise agreed in writing, all tools, equipment or material of every description furnished to Seller by Buyer or specifically paid for by Buyer, and any replacement thereof, or any materials affixed or attached thereto, shall be and remain the property of Buyer. Seller shall not substitute any property for Buyer's property and shall not use such property except in filling Buyer's orders. Seller shall provide that such property shall be kept separate from other materials or tools, shall be clearly identified as the property of the Buyer and Seller agrees to supply detailed statements of inventory at regular intervals. Such property while in Seller's custody or control shall be held at Seller's risk, shall be kept insured by Seller at Seller's expense in an amount equal to the replacement cost with loss payable to Buyer and shall be subject to removal at Buyer's written request, in which event Seller shall prepare such property for shipment and shall redeliver to Buyer in the same condition as originally received by Seller, reasonable wear and tear excepted.
8. **BUYER'S DESIGN AND DRAWINGS** - All rights, title and interest in and to drawings and specifications shall remain with the Buyer, and Seller agrees that the drawings and specifications shall only be used in connection with this order, shall not be used for any other purposes, shall not be disclosed to any other person, firm or corporation, shall be considered proprietary and shall be returned promptly to the Buyer upon request.
9. **ADVERTISING** - Seller shall not, without first obtaining written permission from the Buyer, in any manner advertise or publish the fact that Seller has furnished or contracted to furnish to Buyer the articles mentioned herein, nor shall Seller in any manner advertise or utilize for any other purpose Buyer's part numbers or identification data.
10. **CANCELLATION** - In the event of any voluntary or involuntary proceedings, in bankruptcy or insolvency, or in the event of the appointment with or without Buyer's consent of any assignee for the benefit of creditors or a receiver, then the Buyer shall be entitled to cancel this Purchase Order without any liability whatsoever. In addition, this Purchase Order may be terminated in whole or in part, from time to time, and at any time, for the convenience of Buyer, and upon such termination for convenience, Seller shall stop work as directed by Buyer and Buyer shall pay Seller for raw materials, and semi-finished goods covered by this Purchase Order then completed and subsequently delivered in accordance with all the terms and conditions set forth in this Purchase Order. In no event shall Seller be entitled to anticipatory profits. All completed or partially completed Supplies for which compensation has been paid to Seller shall, upon termination, become the property of Buyer.
11. **PATENT INDEMNITY CLAUSE** - Seller shall indemnify Buyer from any and all damages and costs as finally determined by a court of competent jurisdiction in any suit for infringement of any United States patent or patents by reason of the sale or normal use of any product sold to Buyer hereunder, and from reasonable expenses incurred by Buyer in defense of such suit if Seller does not undertake the defense thereof; provided that Seller is promptly notified of such suit and except for suits against the United States Government, Buyer offers Seller either (1) full and exclusive control of the defense of such suit when products of Seller only are involved therein, or (2) the right to participate in the defense of such suit when products other than those of Seller are also involved therein. Seller shall also indemnify Buyer's customers and agents for such infringements, to the extent that Buyer has agreed so to indemnify them.
12. **CHANGES** - The Buyer may at any time, in writing, make changes within the general scope of this Purchase Order, in any one or more of the following: (a) drawings, designs or specifications where the supplies to be furnished are to be specially manufactured for the Buyer in accordance therewith; (b) method of shipment or packing; (c) place of delivery; and (d) change in delivery schedule. If any such change causes an increase in the cost of, or the time required for the performance of any work under this contract, whether changed or not changed, an equitable adjustment shall be made in the contract price or delivery schedule, or both, and the Purchase Order shall be modified in writing accordingly. Any claim by the Seller for adjustment under this clause must be asserted within thirty (30) days from the date of receipt by the Seller of the notification of change, provided, however, that the Buyer, in its sole discretion, may receive and act upon any such claim asserted at any time prior to final payment under this Purchase Order. Any change in this Purchase Order shall be authorized only by a duly executed Purchase Order Amendment.
13. **COMPLIANCE WITH LAWS** - Seller shall comply with all applicable State, Federal and local laws, rules and regulations. Without limiting the generality of the foregoing, Seller, in accepting this order, represents that the goods to be furnished or the services to be rendered hereunder were or will be produced or performed in compliance with all applicable requirements of the Fair Labor Standards Act of 1938, as amended, and of all valid and applicable regulations and orders of the Administrator of the Wage and Hour Division issued thereunder. Seller shall insert a certificate on all invoices submitted in connection with this order stating that the goods or services were produced or rendered in accordance with the foregoing representation.

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14. **INSPECTION** – The material and workmanship of the goods ordered hereunder may be inspected and tested during normal working hours at any place, either before, during, or after manufacture, by inspectors designated by the Buyer or by the Government at the Buyer's discretion. The exercise of this right of inspection and test, however, shall in no way relieve the Seller of its obligation to furnish all articles or materials in strict accordance with the terms and provisions of this order. If inspection and test is made on the premises of the Seller or its supplier, the Seller shall furnish without additional charge all reasonable facilities and assistance for the safety and convenience of the inspectors in the performance of their duties. All inspections and tests shall be performed in such a manner as not to delay the work unduly. Final inspection and acceptance shall be on Buyer's premises unless otherwise agreed in writing. The Seller upon written request shall determine the failure mode of any nonconforming articles or materials. If the failure mode was caused by the Seller, the Seller shall make the necessary changes to eliminate the cause and if the failure mode was caused by Buyer, Seller shall provide written information to the Buyer and shall recommend in writing the changes needed to eliminate the cause.
15. **REJECTIONS** - In case any supplies or lots of supplies or other deliverable items are defective in material or workmanship or otherwise not in conformity with the requirements of this order, Buyer shall have the right either to reject them (with or without instructions as to their disposition) or to require their correction. Seller shall bear all risks as to rejected supplies after notice of rejection, except that Buyer shall be responsible for loss, or destruction of, or damage to the supplies only if such loss, destruction or damage results from the gross negligence of officers, agents or employees of the Buyer acting within the scope of their employment. Supplies or lots of supplies which have been rejected or required to be corrected shall be removed, or, if permitted or required by the Buyer, corrected in place, by and at the expense of the Seller promptly after notice, and shall not thereafter be tendered for acceptance unless all previous rejection or requirement of correction is disclosed. If the Seller fails promptly to remove such supplies or lots of supplies which are required to be removed or promptly to replace or correct such supplies or lots of supplies, the Buyer may either (a) by contract or otherwise replace or correct such supplies and charge to the Seller the cost occasioned the Buyer thereby; or (b) terminate this contract for default, and in either event may charge Seller the costs or damages incurred by the Buyer thereby. Unless the Seller corrects or replaces such supplies within the delivery schedule, the Buyer may require the delivery of such supplies at a reduction in price which is equitable under the circumstances to defray the cost of shipping and handling, a service charge on rejected items will be billed by the Buyer.
16. **COMPLIANCE WITH OTHER LAWS** - Seller, in accepting this order, represents that it is in compliance with the standards, rules and regulations or OSHA and that the goods to be furnished or the service to be rendered shall be in conformity with the standards, rules, and regulations of OSHA. Seller shall, upon request of the Government or Buyer, furnish certificates of compliance with all Federal and State laws, rules or regulations that may be applicable to this order.
17. **NOTICE TO BUYER OF LABOR DISPUTES** - Whenever an actual or potential labor dispute is delaying, or threatens to delay, the performance of this order, Seller will immediately give written notice thereof to the Buyer.
18. **DELEGATION** - Seller shall not delegate any duties nor assign any rights or claims under this Purchase Order or for any breach thereof without prior written consent of the Buyer and any such attempted delegation or assignment shall be void. All claims for monies due or to become due from the Buyer shall be subject to deduction by the Buyer for any set-off or counterclaim arising out of this or any other of the Buyer's purchase orders with Seller whether such set-off or counterclaim arose before or after any such assignment by Seller.
19. **DESIGN CHANGES** - Seller shall make no changes of any kind in design or specifications called for herein unless specifically approved by Buyer in writing.
20. **GOVERNING LAW** - This order shall be construed and interpreted under the laws of the State of Washington, except those relating to conflicts of law. The United Nations Convention on Contracts for the International Sale of Goods will not apply to this order, the construction and enforcement of this Order, or any disputes arising out of or relating to this Order or the subject matter of this Order.
21. **QUALITY SYSTEM** – All articles produced and/or sold to the Buyer shall conform to the following quality system requirements:
- Supplier is responsible for the quality of articles delivered, and for strict compliance with the specifications set forth in the Purchase Order or in other documents that govern the article's provisions. Supplier shall flow down to its supply chain all applicable quality system requirements.
 - Supplier shall provide and maintain a quality control system and counterfeit parts prevention system necessary for compliance with the requirements and specifications set forth in the Purchase Order, in these terms and conditions, and in other documents that may govern the provision of the articles including specific quality requirements. Supplier shall promptly notify Buyer of the loss of its certification or other significant changes in the status of or effectiveness of its quality system or counterfeit parts prevention system.
 - Supplier shall obtain Buyer's approval before making any changes to articles, materials, or processes that could affect form, fit, function, quality, or previous results of first article inspections. Unless otherwise indicated by the Buyer in writing, in the Purchase Order, or on other drawings or specifications in connection with the Purchase Order, all statutory, official and/or customary standards shall apply.
 - Supplier shall not deliver to Buyer without specific written authorization from Buyer (a) any nonconforming articles, (b) articles containing counterfeit parts, or (c) any articles for which the supplier cannot provide evidence of traceability to the original manufacturer or a qualified aftermarket manufacturer. Supplier shall provide Buyer with timely reporting, disposition, and specific identity when a previously delivered article is found by the Supplier to be nonconforming or containing counterfeit parts.
 - Supplier shall keep and maintain related records including inspection and test records, for three (3) years minimum. Such records shall be available to the Buyer or the Buyer's representative upon request. When records are discarded, they shall be permanently destroyed.
 - Supplier shall grant right of access to Buyer, its customers, and regulatory authorities to all of Supplier's facilities, associated records, processes, and procedures associated to the Purchase Order.
 - The Seller represents that any article and its packaging which are delivered to the Buyer per this Purchase Order:
 - Is in accordance with the provisions of Directive 2002/95/EC-RoHS and contain zero levels of restricted hazardous substances.
 - Is in accordance with the provisions of Directive 2011/65/EU and do not exceed the maximum limits of restricted hazardous substances.
 - Do not contain any of the REACH Substances of Very High Concern (SVHC) according to the Candidate list published by ECHA (European Chemical Agency).
 - Supplier shall provide Buyer with a COC (Certificate of Conformance) with delivered orders.