

**SY-KLONE INTERNATIONAL  
PURCHASE ORDER TERMS AND CONDITIONS**

**1. ACCEPTANCE.** Purchase Orders (“PO” or “POs”) referencing these Terms and Conditions constitute an offer to Seller by Buyer to enter into the purchase agreement described by such PO. These Terms and Conditions, along with any other specifications or requirements transmitted to Seller by Buyer in connection with the PO, shall be the complete and exclusive statement of such agreement. Seller shall be deemed to have accepted the PO (including any specifications or requirements stated therein) and agreed to these Terms and Conditions when Seller executes and returns a signed written or electronic acknowledgement indicating its intent to fulfill the PO or when Seller delivers to Buyer any of the product(s) ordered. Any terms and conditions proposed by Seller that are inconsistent with, add to or otherwise modify these Terms and Conditions are expressly rejected and shall be deemed void and of no effect between the parties unless expressly agreed to in writing by Buyer. The PO and these Terms and Conditions shall constitute the entire agreement between the parties with respect to the purchase described in the PO.

**2. QUALITY/WARRANTY.** Seller shall maintain a quality assurance program reasonably satisfactory to Buyer to ensure that Products purchased from Seller shall consistently satisfy Buyer’s quality requirements. Buyer reserves the right to require Seller to have and maintain an applied Quality Management System in place that is operated in accordance with, and accredited by, a third-party certification body to the current version of ISO 9001 and copies of the current accredited certification shall be furnished to Buyer on request. Seller, in addition to any express or implied warranties given to Buyer by Seller or implied by law, hereby warrants that product(s) furnished by Seller will be in full conformity with Buyer’s instructions, specifications, drawings and data, and Seller’s samples or representations, and will be free from defects in design (to the extent that Seller furnishes the design), materials and workmanship. Seller may not change any specifications, engineering processes, materials or design without the prior written consent of Buyer. To the extent that the product(s) include services to Buyer, Seller warrants that it is properly licensed, certified, and trained (in compliance with the applicable standards set forth by relevant governmental or industry association authorities), and that such services will be provided with a degree of care and competence that, at minimum, accords with customary industry standards and practice. Seller agrees that this warranty shall survive acceptance of the product(s). Seller shall be responsible for every claim for compensation in respect of damage or injury that is based on a breach of the foregoing warranty and, at Buyer’s option, Seller shall handle any such claims or shall provide all reasonable assistance to Buyer in Buyer’s handling of such claims. Buyer shall have the right, at any reasonable time or times, to inspect materials, work in process, finished Products and parts, and records relating thereto, at any facilities at which Products are manufactured or such records are kept. Buyer assumes no responsibility and waives no rights as a result of any such inspection.

**3. DELIVERY.** Promptly following receipt of a PO, Seller shall acknowledge receipt of the PO and confirm (in writing, including by email or other electronic means of acknowledgement) its ability to manufacture, package and supply the ordered Products to Buyer in accordance with the terms of the PO, including delivering the ordered parts by the date of delivery specified in the PO. Seller shall deliver all ordered parts on the requested delivery date (or such alternate delivery date as may be mutually agreed by the parties). In the event Seller will not be able to fulfill such PO in accordance with the terms herein, including timely delivery, Seller shall notify Buyer in writing promptly upon becoming aware of such inability, and the parties will discuss alternate delivery dates in good faith with a view to reaching agreement thereto. Seller shall send Buyer appropriate, separate notice of shipment, including the same

information that is contained on the packing list, plus all information relating to shipment date and handling.

**4. PACKING/MARKING.** Unless Buyer expressly instructs otherwise, Seller must label the outside of all packages utilizing bar code labels in Buyer's AIAG format. Seller shall ensure that all Products are properly described, classified, packaged, marked and labeled, and are in proper condition for transportation according to applicable regulations. Seller shall include the packing list in a waterproof envelope secured to a package on all shipments. The packing list must show the PO Number, Supplier Code Number, Buyer's Item Number, Quantity and Identification or Specification Number exactly as shown on the PO.

**5. INSPECTION.** Delivered Products are subject to Buyer's inspection, testing and approval. Buyer, at its option, may reject or refuse acceptance of product that does not meet the requirements of the PO or any applicable warranty. Product rejected or not accepted by Buyer shall be returned to Seller at Seller's expense, and Seller agrees to refund to Buyer any payments (including, but not limited to, shipping expenses and taxes) made by Buyer for such Products. Payment by Buyer for any Products shall not be deemed an acceptance thereof. Acceptance of any product shall not relieve Seller from any of its obligations, representations or warranties hereunder or pursuant hereto.

**6. PRICE, PAYMENT TERMS AND INVOICES.** Seller represents that the price charged to Buyer for product is at least as low as the price charged by Seller to buyers of a class similar to Buyer under conditions similar to those specified in the PO and that prices comply with applicable government laws and regulations in effect at time of quotation, sale and delivery. Seller agrees that any price reduction regarding any product that is implemented prior to shipment or rendering of such product(s) shall be applied to the PO for all shipments or rendering of product following such price reduction. In addition to any other rights or remedies available to Buyer, Buyer may withhold any payment for non-delivery of product or delivery of non-conforming or poor-quality product by Seller, its subcontractors or its agents. Unless otherwise specified thereon, prices quoted on any PO include any and all charges for the product(s) ordered (including but not limited to, any charges for boxing, packing, crating, cartage, taxes or other additional charges).

Seller shall include on invoices the same information that is required on packing lists and, unless otherwise instructed on a PO, shall send such invoices in an electronic format specified by Buyer and to the electronic location provided by Buyer to Seller. Where Buyer has agreed in writing to pay taxes relating to any PO, applicable taxes shall be listed separately on the invoice. Buyer shall pay all correct itemized electronic invoices received from Seller pursuant to Buyer's then-current standard settlement schedule which is available on request. Buyer strongly prefers, and reserves the right to require, Seller's acceptance of payment via Automatic Clearing House (ACH).

**7. PROPERTY FURNISHED TO SELLER BY BUYER.** Except as specified below, all patterns, dies, molds, tools, models, jigs, core boxes, piece parts, samples, materials, drawings, specifications, test reports, technical material, advertising material, and any other personal property furnished to Seller by Buyer, or specifically paid for by Buyer for use in performance of a PO (collectively "Materials"), shall be and remain the property of Buyer, shall be subject to disposition according to Buyer's instruction, and shall be used only in production and supply of Products for filling orders from Buyer. Seller agrees that Products manufactured based on or using the Materials, including drawings or specifications, may not be used for Seller's own use or sold to third parties without Buyer's prior express written consent. Title to, and full ownership of, the Materials shall remain with Buyer at all times. Seller shall not claim any rights of ownership in any of the Materials and shall not mortgage, encumber, transfer, dispose of,

remove or allow the removal of any of the Materials from Seller's facility to which such Materials are initially delivered, except as permitted or instructed by Buyer in writing. Seller shall take all necessary precautions and actions to preserve and maintain the Materials in good working condition. Seller shall perform any further act and execute, acknowledge and deliver any further documents that Buyer may reasonably request in order to protect Buyer's title to the Materials. Seller shall at all times clearly identify the Materials as the property of Buyer by labeling the Materials with distinctive markings and, to the extent reasonable, shall keep the same separate and apart from the property of others, including Seller, located in the same facility. Seller shall bear the risk of any damage to, or loss of, such Materials while in the possession or under the control of Seller or Seller's agents. Any waste materials or by-Products generated by, or resulting from, operations on, use or processing of Materials furnished to Seller by Buyer shall be and remain the property of Seller, and Buyer shall have no responsibility in connection therewith. Any Materials furnished to Seller by Buyer for use in connection with a PO are provided in AS-IS condition, and Buyer makes no representations or warranties of any kind, including warranties relating to the condition of such Materials or their suitability for the purposes required by Seller. BUYER DISCLAIMS ANY AND ALL WARRANTIES ASSOCIATED WITH SUCH MATERIALS, INCLUDING, BUT NOT LIMITED TO, EXPRESS OR IMPLIED WARRANTIES, WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

**8. TERMINATION.** Buyer may, at any time, terminate, cancel or suspend all, or any part of, undelivered i Products or quantities on any outstanding PO. Seller agrees that its sole remedy as a consequence of any such termination or cancellation is the reimbursement by Buyer of the reasonable costs of materials and labor actually and directly incurred by Seller on Products terminated or canceled by Buyer prior to Seller's knowledge of such termination or cancellation. Seller further agrees to take all steps reasonably possible to mitigate such charges. Seller may only terminate a PO after giving Buyer reasonable notice of such termination and an opportunity to identify and set up an alternate supplier.

**9. INDEMNIFICATION.** Seller agrees to indemnify, defend and hold harmless Buyer and Buyer's managers, officers, employees, members, agents, successors and assigns from and against any and all claims and demands, liabilities, losses, damages, costs, enforcement procedures and expenses of whatsoever nature (including costs, litigation expenses and counsel fees incurred in connection therewith) arising out of injury to, or death of, any person whatsoever, or injury or damage to property of any kind by whomsoever owned, or the environment, arising out of or related to, directly or indirectly, the following: (i) the performance or non-performance by Seller, Seller's subcontractors or Seller's agents of any work which is the subject of the PO; (ii) Seller's non-compliance with Seller's obligations under any PO or these Terms and Conditions or any laws or regulations, including, without limitation, those applicable to the packaging, classification, labeling, training, handling and transportation of Products, whether such action is brought by a governmental agency or other person or entity, except to the extent that such claims result from Buyer's gross negligence or willful misconduct; (iii) any claim of defect in the Products sold by Seller to Buyer; (iv) any recall caused by Products provided by Seller or its agents; (v) Seller's breach of any representation, warranty or covenant in these Terms and Conditions or in any PO; (vi) Seller's non-compliance with any environmental requirements or regulations, or regulations related to Products sold by Seller to Buyer.

**10. INSURANCE.** Seller and its subcontractors and agents, if any, at their sole cost, shall maintain insurance coverage as described below with insurance companies acceptable to Buyer. The limits set forth below are minimum limits and shall not be construed to limit Seller's liability. All cost and deductible amounts shall be for the sole account of Seller and its subcontractors and agents. All policies shall name Buyer as an additional insured per ISO Endorsement CG 2010 (or its equivalent, i.e., a company-specific endorsement with the same wording as CG 2010 or a manuscript endorsement with

the same wording as CG 2010) and waive subrogation rights in favor of Buyer. All policies required shall also be designated as primary coverage to any similar coverage carried by Buyer.

- Worker's Compensation and Employers' Liability Insurance providing benefits as required by applicable law with a minimum limit of \$1,000,000 USD-equivalent per occurrence or limits set by applicable law, whichever is greater;
- Commercial General Liability Insurance (Occurrence Coverage) including Products, completed operations, contractual liability coverage for indemnities contained in any PO or these Terms and Conditions, and Seller's contingent liability for subcontractors and agents with a minimum combined single limit of liability of \$1,000,000 USD-equivalent per occurrence for bodily injury or death and property damage;
- If the Products sold by Seller to Buyer include design and/or engineering or other professional services, Seller shall maintain Errors or Omissions Liability and Professional Liability Insurance with a minimum limit of \$1,000,000 USD-equivalent each occurrence, and any other specialty policies with appropriate coverage limits as requested by Buyer.
- Insurers must have a minimum rating of AVII (A7) as evaluated by the most current A.M. Best Rating Guide.

Each insurance policy required by a PO or these Terms and Conditions shall be endorsed to state that coverage shall not be suspended, voided, canceled by either party, reduced in coverage or in limits except after thirty (30) days prior written notice by certified mail, return receipt requested, has been given to Buyer. If Seller does not obtain insurance, or such insurance is canceled, Buyer has the right, but not the obligation, to obtain insurance coverage on behalf of Seller, at Seller's sole expense.

All the above-described policies, together with all other insurance policies now-owned or purchased in the future shall contain provisions wherein the insurance companies shall have no right of recovery or subrogation against Buyer or Buyer's affiliates, or their respective directors, officers, employees and agents.

**11. COMPLIANCE; GOVERNMENT PROCUREMENT.** Seller represents that it has read, understands, has complied, and during the performance of any PO shall continue to comply, with the provisions of all applicable federal, state and local laws, rules, regulations, directives, ordinances, orders, or statutes. Seller shall comply with Executive Order 11246, as amended, Section 503 of the Rehabilitation Act of 1973, as amended, and the Vietnam Era Veterans' Readjustment Act of 1974, as amended. The parties hereby incorporate the requirements of 41 C.F.R. §60-1.4(a) (7), 60-250.5 and 60-741.5, if applicable. The Seller warrants that it does not use or allow forced, compulsory or child labor, or any form of human trafficking, in its company or supply network. Seller warrants that it will not intentionally use any Conflict Minerals (including tantalum, tin, tungsten and/or gold) in the fulfillment of any PO from Buyer, and in the event Seller intends to use any Conflict Minerals in fulfillment of any PO from Buyer, Seller agrees to immediately notify Buyer, in writing, and Buyer reserves the right to cancel any such PO. Seller agrees to provide Buyer with sufficient information or certification, upon request, to assure that nothing used in the fulfillment of any PO for Buyer contains chemicals regulated by the Toxic Substances Control Act of 1976, as amended, ("TSCA") or chemicals regulated by the Substances of Very High Concern (SVHC), as defined by the EU under REACH (Registration, Evaluation, Authorization and Restriction of Chemicals manufactured in, or imported into, the European Union), or if such substances are contained, the nature and concentration thereof. Seller warrants that no material supplied to Buyer will contain

any known, or intentionally added, restricted substances, as listed in the TSCA or in the Directive on the restriction on the use of certain hazardous substances in electrical and electronic equipment (RoHS 3 - Directive 2015/863EU), in concentrations above the limits specified in the regulations. POs issued by Buyer under this PO may be for the purpose of acquiring Products in support of a U.S. Government contract(s) or subcontract(s). To the extent the Products ordered are in support of Buyer's customers' U.S. Government contract(s), Buyer is required to include the Federal Acquisition Regulation ("FAR") and Defense Federal Acquisition Regulation Supplement ("DFARS") clauses listed at [http://www.sy-klone.com/downloads/Sy-Klone\\_FARandDFAR\\_Flowdowns.pdf](http://www.sy-klone.com/downloads/Sy-Klone_FARandDFAR_Flowdowns.pdf) in its purchase orders for parts supplied and work performed in support of Buyer's customers' U.S. Government contract(s). The FAR and DFARS clauses listed at the website referenced above are incorporated herein by reference, with the same force and effect as if they were given in full text. Manufacturer shall substitute "Seller" for "Contractor" and "Buyer" for "Contracting Officer" or "Government" throughout each clause, as applicable. To the extent that a clause does not apply to a particular purchase order, as provided in the clause and the respective notes, it is self-deleting. The full text of a clause may be accessed electronically at: <http://farsite.hill.af.mil/> or <https://www.acquisition.gov/far>. Buyer reserves the right to add or remove clauses pursuant Buyer's customers' requirements under various U.S. Government contract(s).

**12. EQUAL EMPLOYMENT OPPORTUNITY.** Sy-Klone is an equal opportunity employer and federal contractor or subcontractor. Consequently, the parties agree that, as applicable, they will abide by the requirements of 41 CFR 60-1.4(a), 41 CFR 60-300.5(a) and 41 CFR 60-741.5(a) and that these laws are incorporated herein by reference. These regulations prohibit discrimination against qualified individuals based on their status as protected veterans or individuals with disabilities and prohibit discrimination against all individuals based on their race, color, religion, sex, sexual orientation, gender identity or national origin. These regulations require that covered prime contractors and subcontractors take affirmative action to employ and advance in employment individuals without regard to race, color, religion, sex, sexual orientation, gender identity, national origin, protected veteran status or disability. The parties also agree that, as applicable, they will abide by the requirements of Executive Order 13496 (29 CFR Part 471, Appendix A to Subpart A), relating to the notice of employee rights under federal labor laws.

**13. CHOICE OF LAW/LIMITATION ON LIABILITY.** These Terms and Conditions and any PO shall be governed by, construed and enforced in accordance with the laws of the State of Florida applicable to agreements made and to be performed in that State excluding any conflict of law rules or principles that might refer the governance or the construction of these Terms and Conditions to the law of another jurisdiction. No remedy herein provided shall be deemed exclusive of any other remedy allowed by law or equity. In no event shall Buyer be liable to Seller for incidental or consequential damages, or damages for lost profits, including, but not limited to, compensation, reimbursement or damages on account of lost profits on sales or anticipated sales by Seller, or on account of investments or commitments made in connection with a PO, or in connection with the establishment, development or maintenance of the business or goodwill of Seller.

**14. ASSIGNMENT.** Any PO(s) accepted by Seller shall not be assigned by transfer, disposition or sale, or otherwise, without the written consent of Buyer. It is understood and agreed that these Terms and Conditions shall be binding upon and inure to the benefit of the parties and their respective parent(s), subsidiaries, representatives, attorneys, agents, successors and permitted assigns.

**15. SET OFF.** In addition to any right of setoff or recoupment provided by law, Buyer may, at any time and without notice, recoup, deduct or set-off claims by Seller or Seller's affiliates (or its assignee or financing institution) for amounts due, or to become due, from Buyer against any claims that Buyer or

any Buyer affiliate has, or may have, arising out of this or any other transaction between Buyer or Buyer's affiliates and Seller or Seller's affiliates.

**16. CHANGE IN OWNERSHIP AND CONTROL.** During the term of the applicable PO(s), if there is a change in the ownership or control of Seller, Buyer shall have the option of terminating the PO(s) immediately by giving written notice thereof. For purposes of this Section, a change in the ownership and control of Seller or a parent company of Seller, as appropriate, shall be deemed to have occurred if and when any one or more persons acting individually or jointly purchases substantially all of the assets of Seller, or is or becomes, a beneficial owner, directly or indirectly, of securities representing twenty-five percent (25%) or more of the combined voting power of the then outstanding securities of Seller or the parent company of Seller. Change in the ownership or control of Buyer shall not effect or modify either party's rights or responsibilities under any PO or any aspect of these Terms and Conditions.

**17. SEVERABILITY; NON-WAIVER.** Invalidation of any of the provisions contained in these Terms and Conditions, or the application of such invalidation thereof, to any person, by legislation, judgment or court order shall in no way affect any of the other provisions hereof, or the application thereof, to any other person, and the same shall remain in full force and effect, unless enforcement as so modified would be unreasonable or grossly inequitable under all the circumstances or would frustrate the purposes hereof. No failure of either party to enforce at any time any of the provisions of any PO or these Terms and Conditions, or any rights or remedies with respect thereto, or to exercise any election herein provided, shall constitute a waiver of any such provision, right, remedy or election or in any way affect the validity thereof or of these Terms and Conditions. The exercise by either party of any of its rights, remedies or elections under a PO or these Terms and Conditions shall not preclude or prejudice such party's right to exercise at any other time the same or any other right, remedy or election it may have. The rights of termination provided herein are in addition to any other right, remedy or election a party may have hereunder or at law or in equity.

**18. U.N. CONVENTION DOES NOT APPLY.** The United Nations Convention on Contracts for the International Sale of Goods, the United Nations Convention on the Limitation Period in the International Sale of Goods of 1974 and Protocol of 1988 (amending the Limitation Period Convention) shall not be applicable to any transaction pursuant to these Terms and Conditions.

**19. DEFINITIONS.** As used herein, the following terms have the meanings indicated:

- a. "Products" means goods and/or services ordered by Buyer from Seller pursuant to a PO.
- b. "Purchase Order" means a Transmission by Buyer to Seller electronically through a computer network or otherwise, by mail of hard copy or by such other means as may be agreed (each a "Transmission"), containing a purchase order number, supplier code number, item number, price, identification or specification number, engineering change number or material code number and/or such other information evidencing an offer to Seller by Buyer relating to the purchase of Products.
- c. "Buyer" means The Sy-Klone Company, LLC doing business as Sy-Klone International.
- d. "Seller" means the entity indicated as Supplier on the PO.